EUROPE'S BUSINESS NEWSPAPER

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Newspaper of the Year

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UK POLITICS
Labour pledges to promote and protect
Page 16

World News

British MPs hope Budget will pave way for election

British MPs hope the announcement of today's Budget will allow a full-blown general election campaign to be launched by the Conservative government.

After the regular pre-Budget cabinet session prime minister John Major is expected to tell his ministerial colleagues he has finally opted for an election on April 9. Chancellor of the exchequer (finance minister) Norman Lamont faces the biggest challenge of his political career. Page 8; Ms Nice Guy on City offensive, Page 16; Lex, Page 18

UK pension reform call
A committee of British MPs demanded sweeping reform of the country's pensions industry following the pensions scandal in the companies of newspaper owner Robert Maxwell, who died last November. Page 18; Editorial Comment, Page 16

Greeks fight pay freeze
Striking bank and power workers as well as bus depot employees will mass outside the Economy Ministry building in Athens for four days from today, protesting against the Greek government's decision to freeze public sector wages this year. Page 2

Rao survives vote
The threat of a snap election in India ended when prime minister P.V. Narasimha Rao comfortably survived what amounted to a parliamentary vote of no confidence in his government. Page 4

Bush's confident state
President George Bush is so sure of a convincing win in the Republican primary contest in his adopted home state of Texas that he has not even bothered to campaign in the past 10 days. Today's "Super Tuesday" votes involve 11 states choosing delegates to the Republican and Democrat national conventions. US election reports, Page 6

CIS troops killed
Dozens of heavily armed Armenian militants surrounded a former Soviet anti-aircraft missile base inside Armenia, killing two soldiers of the Commonwealth of Independent States and taking the commander hostage. Page 2

Portuguese drought
Portugal's five-month-old drought could become one of the worst this century, says Casimiro Mendes, of the National Meteorological Institute.

Honecker extradition
A Chilean statement is expected this week that should allow the extradition from Russia of former East German leader Erich Honecker to face trial for Berlin Wall shootings. Doctors have found he was not terminally ill with cancer as he had maintained.

Church leader fired
Patriarch Maxim, 78, head of Bulgaria's Orthodox Church was dismissed because of his collaboration with the former communist government.

English crime rise
The number of recorded crimes in England and Wales rose 16 per cent to 5.3m last year, with crime up in all police force areas. Violent crime rose 6 per cent last year, and car crimes accounted for nearly a third of the overall increase.

Gooch injury blow
England (280-6) beat Sri Lanka (174 all out) by 106 runs in their World Cup cricket match at Ballarat, Australia. England captain Graham Gooch injured a hamstring and is likely to miss Thursday's match against South Africa in Melbourne.

FT No. 31,705

Business Summary

UK to cut export insurance premiums

UK government-backed export insurance premiums for sales to about 50 markets are to be cut by up to 50 per cent. The move will be regarded by many of Britain's leading exporters as a significant climbdown in a long-standing row over the cost of export credit cover. Page 18

ISTITUTO BANCARIO San Paolo di Torino, Italy's biggest banking group, will price its initial public offering of 125m shares at L12,200 each, making the flotation worth L1,525bn ($1.24bn). Page 19; Lex, Page 18

AMSTRAD, UK consumer electronics group hit by recession in its main markets, is to launch a range of personal computers for corporate customers. Page 19

ELF AQUITAINE: the French government set the price of this week's sale of a 2.3 per cent stake in the state-controlled oil group, at FFr360 ($64.5) each – a small discount to the market. Page 23

BRITISH SKY Broadcasting, satellite television company, will make an earlier than expected weekly trading profit of £100,000 ($176,000) during March. Page 19

CHINA LIGHT and Power and Exxon, monopoly suppliers of electricity to Kowloon and the New Territories, plan to spend up to HK$60bn ($7.7n) on power plants and distribution systems in Hong Kong. Page 3

CITIBANK, US bank, is to combine its US and international asset management businesses into a global division with assets of more than $55bn. Page 22

RENAULT VEHICULES Industriels, French state-owned bus and truck maker, is near to agreeing a joint-venture with Karosa, Czechoslovak maker of buses and fire engines. Page 3

COMMERCIAL VEHICLE sales in February were 5.3 per cent lower in Britain than in February last year. This is the smallest year-on-year fall in the supply of new vehicles since the industry started its slide into recession in the last quarter of 1989.

FORD, US carmaker, is nearing a deal for its Canadian subsidiary to export up to 125,000 cars to Argentina. Page 22

H.J. HEINZ, Pittsburgh food group, posted a 12.2 per cent drop in third-quarter net income to $115.3m, or 43 cents a share, reflecting restructuring charges and higher marketing costs. Page 22

ECONOMIC STATISTICS: a unified company register costing £4.3m ($7.6m), which should improve the quality of UK government figures, will be in operation next year.

TAKARE, expanding UK nursing group for elderly and chronically ill patients, announced a 72 per cent increase in pre-tax profits, to £7.5m ($13.2m) from £4.4m for the year 1991. Page 28

FOSTER'S Brewing Group, Australian brewer formerly Elders IXL, is expected to announce the resignation of chief executive Peter Bartels following disagreements over strategy. He is expected to be replaced by Ted Kunkel, chief executive of Molson Breweries, Canadian brewing group, which is half-owned by Foster's. Page 19

BANQUE INDOSUEZ, fully owned merchant banking unit of France's Suez group, posted net profits 13 per cent down last year at FFr805m ($144m). Page 19

UK ELECTRICITY: immediate reform of the market was called for by an all-party committee of MPs, which said that privatisation had brought no benefits to consumers. Page 8

Ex-Soviet army officers training Azerbaijani force

By John Lloyd in Baku

OFFICERS of the former Red Army are helping to set up an independent Azerbaijani army as tension between the republic and neighbouring Armenia escalates.

At the same time, international efforts to halt the slide to war are building up, with Iran calling on the United Nations yesterday to impose an arms embargo on Armenia and Azerbaijan.

Evidence in Baku, the Azerbaijani capital, points to a chaotic dissolution of the Soviet military and – the scenario most feared by the Commonwealth of Independent States' general staff – the incorporation of parts of it into new, potentially hostile armed forces.

Azerbaijan and Armenia are close to open warfare over the disputed Armenian-dominated enclave of Nagorno Karabakh, where Armenian attacks have forced most of the 40,000 Azerbaijanis who live there to flee. Azerbaijani opinion has been inflamed by reports of massacres of civilians, including alleged slaying of hundreds at Khojaly, an Azerbaijani town in Nagorno Karabakh.

Azerbaijani nationalist groups, growing in power since the resignation last week of the relatively moderate President Ayaz Mutalibov, are calling for the immediate creation of an army of 30,000 men.

The Azerbaijani government and CIS general staff are negotiating the handover of equipment belonging to the 4th Army, based Azerbaijan, following the refusal of the Azeri government to take part in a united CIS force.

Units of the 366 infantry regiment pulling out of Nagorno Karabakh are reported to have deserted to the Armenian side.

In separate interviews yesterday a Ukrainian colonel based in Baku and two former Russian military personnel said they were creating groups which would both train soldiers for a new Azerbaijani army and form a corps of volunteers from other republics.

PAGE 2
■ Armenian forces attack ex-Soviet military base
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■ Editorial Comment
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■ Federal Reserve chief to advise Moscow on banking

Colonel Alexander Slusarev, a military instructor based in Baku, who heads the self-styled 5,000-strong Union of Ukrainian Officers serving in Azerbaijan, said his organisation would ask the Ukrainian government for permission to work under contract for the Azerbaijani Ministry of Defence to trainan independent army.

He also claimed that weapons were being made available to Azerbaijanis by the CIS army. At the same time, he charged senior military commanders with shipping to Russia military equipment which should remain in Azerbaijan pending its handover to the republican government.

Confirming this, Mr Niazi Ibrahim, deputy chairman of the Azeri Popular Front – the major opposition nationalist grouping – said CIS commanders had no control over the sale of weapons by their men to Mafia groups in Azerbaijan. "The army itself is a mafia in this sense," he said.

Col Slusarev, who spoke in the office and in the presence of Mr Ibrahim, said he was in constant contact with nationalist groups.

Mr Isa Gambarov, a member of the ruling National Council of the Azerbaijani parliament and head of its foreign affairs committee, as well as being leader of the "independent Azerbaijan" party, said yesterday that the country would welcome co-operation on military matters with Ukraine – which like Azerbaijan, is now building its own armed force.

The interview with Mr Gambarov in his office in the Azeri parliament was interrupted by the appearance of Mr Vladimir Kozlov, a former Soviet officer and Mr Vladimir Malinov, a former Soviet soldier. They said they had the permission of Mr Tahir Aliev, the Azerbaijani defence minister, to form volunteer units to help contain Armenian attacks near the borders of Nagorno Karabakh.

They have opened a recruiting office in Baku, where they hope to enrol officers and men serving with the 4th Army who wish to remain in military service with security of housing and an income.

Mourners follow the funeral procession of Menachem Begin, the former Israeli prime minister, in Jerusalem yesterday. Obituary, Page 4

Serbs delay EC plan for Bosnian federation

By David Buchan in Brussels

TWO OF Bosnia's main ethnic groups, the Moslems and Croats, yesterday agreed to the outline of a federation for their trouble-torn republic.

However, Bosnian Serb negotiators reserved their position, prompting Lord Carrington, chairman of the European Community-sponsored peace conference, to declare that it would be "a very great pity if the Serbs in Bosnia pass up this opportunity for an agreement".

Despite separate talks between the three Bosnian groups starting on Sunday and lasting until 6am yesterday, before the three-hour plenary session with other Yugoslav republics, leaders of Bosnia's Serbs said they had to consult their community back home before pronouncing on the draft plan.

After chairing the first plenary session of the EC's peace conference on Yugoslavia for two months, Lord Carrington described the plan as an opportunity which "if missed is going to lead to considerable trouble". But he said the Bosnian Serb leaders showed themselves "perfectly prepared to recognise the independence of Bosnia", despite the widespread Serb boycott of the recent referendum.

The plan for Bosnia would create a bicameral system, with a Chamber of Citizens elected proportionally and a Chamber of Constituent Units giving Moslems, Serbs and Croats equal representation. A four-fifths majority in the latter chamber would be required for any decisions on the republic's flag, education, religion and macro-economic policy.

The EC conference officials hope a deal on Bosnia is now within their reach. This, they feel, could pave the way to progress on wider problems such as the future economic relationship between the four republics – Croatia, Slovenia, Bosnia and Macedonia, which have achieved or are seeking independence – and the Serbian-Montengrin rump of Yugoslavia. It would also help solve the problem of their status in international bodies.

With the fate of Bosnia so delicately balanced, foreign ministers of the EC may seek to dissuade the US from immediately recognising the four republics, when they meet Mr James Baker, the US secretary of state, in Brussels today.

In a sharp shift of US policy, which has so far been not to give any formal recognition to seceding republics, Mr Baker sent the EC a letter, arguing that if Bosnia is recognised as an independent unit, it may avoid a dangerous fragmentation.

● Laura Silber adds: In Belgrade, about 20,000 people staged anti-government protests, accusing Mr Slobodan Milosevic, the Serbian president, of mishandling the war against Croatia.

Mr Vuk Draskovic, leader of the opposition Serbian Renewal Movement, accused Mr Milosevic of waging a catastrophic war against Croatia.

Genscher warns on rise of nationalism in Germany

By Christopher Parkes in Bonn

GERMANY must continue working for European unity or risk the re-emergence of nationalism, Mr Hans-Dietrich Genscher, the German foreign minister, warned yesterday.

Leaders of Germany's opposition Social Democratic Party (SPD) party, meanwhile, yesterday decided not to try to block parliamentary approval of the European Community's Maastricht treaty on economic and monetary union (Emu).

Mr Björn Engholm, party chairman, said the SPD still wanted improvements, but their implementation would not be tied to the ratification deadline.

Even so, the SPD insisted in a statement that transition from the second to the third stage of Emu, planned for 1999 at the latest, could not be automatic. Ratification of the treaty was no "carte blanche" for the government.

The Bundestag, the German parliament, must have a new vote before the final steps were taken and a common European currency adopted.

PAGE 2
■ Berlin to launch public sector pay strikes
■ Recession slashes trade surplus to DM50m
PAGE 18
■ Harsh lesson for a small town in Germany

Speaking after a meeting of the SPD executive in Bonn, Mr Engholm attempted to repair the damage done to the party's staunch pro-European posture last week by Mr Oskar Lafontaine, prime minister of Saarland.

His proposal that the SPD should use its power to reject the whole Maastricht deal had drawn fire from SPD colleagues and members of the ruling coalition alike.

SPD votes would be needed for the government to achieve the two-thirds majority needed for constitutional changes made necessary by the treaty.

Mr Genscher, speaking in Berlin yesterday, made political capital out of recent opposition disarray over European policy.

"The 'yes' from Europe to German unity must be followed by a 'yes' to Europe from Germany," he said.

There must not be any doubt that small-minded rejection of progress towards European unity could damage Germany's positive image and lead to new nationalism.

Mr Engholm stood by most of the SPD's demands for a thorough re-examination by the Bundestag of the outcome and implications of the Maastricht summit as part of its "new decision before entry into the third stage".

The parliament had to ensure that necessary economic convergence criteria could be guaranteed, an official statement said.

It would need to be assured that progress towards Emu was balanced with similar advances in European political union (Epu).

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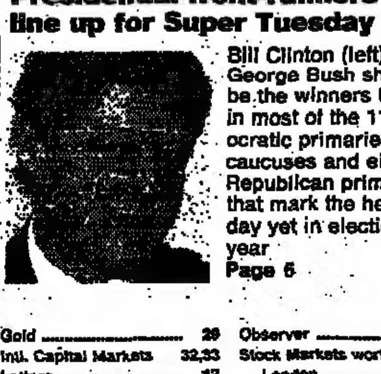
Presidential front-runners line up for Super Tuesday



Bill Clinton (left) and George Bush should be the winners today in most of the 11 Democratic primaries and caucuses and eight Republican primaries that mark the heaviest day yet in election year
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MARKETS

STERLING
New York close
$1.7255 (1.719)
London:
$1.723 (1.7185)
DM2.865 (2.87)
FFr9.735 (9.745)
SFr2.5975 (2.6075)
Y227.25 (226.5)
£ index 90.0 (89.9)

GOLD
New York Comex Apr
$364.2 (350.3)
London:
$348.9 (349.7)

N SEA OIL (Argus)
Brent 15-day Apr
$17.45 (17.45)

Chief price changes yesterday: Page 19

DOLLAR
New York close
DM1.66075 (1.6675)
FFr5.64 (5.6645)
SFr1.50835 (1.5135)
Y131.925 (131.85)
London:
DM1.663 (1.6695)
FFr5.65 (5.67)
SFr1.5075 (1.5175)
Y131.95 (131.75)
$ index 65.1 (65.2)
Tokyo close:Y131.73
US closing rates
Fed Funds:3 7/8 % (3 1/2 %
3-mo Treasury Bills:
4.105% (4.12%)
Long Bond:
101 7/16 (100 31/32)
yield: 7.867% (7.92%)

STOCK INDICES
FT-SE 100: Yield 4.84
2,550.7 (+17.6)
FT-A All-Share:
1,225.54 (+0.6%)
FT-SE Eurotrack 100:
1,165.45 (+3.35)
New York:
DJ Ind. Av.
close2 (-6.48)
S&P Comp
405.21 (+0.77)
Tokyo: Nikkei
20,797.68 (+195.31)

LONDON MONEY
3-month Interbank:
10 7/16 % (10 1/2 %)
Liffe long gilt future:
Jun 96 21/32 (Jun 96 3/8)

Germans face wave of public sector strikes

By Christopher Parkes in Bonn

A FIRST wave of official warning strikes among public sector employees is expected to hit Germany today following a call for action yesterday from the leadership of the DAG white-collar workers' union.

Angered by last week's 3.5 per cent pay offer in the face of its 10.5 per cent claim, the union said government, state and local authorities had inflamed the situation and had "obviously adopted a strategy of conflict".

Protest stoppages, due to start in Berlin this morning, are expected to spread across the country between now and the next round of negotiations, due on March 19. Rail passengers in the Cologne area were given their first taste of trouble to come when, according to local rail authorities, "a handful" of level crossing and signal box workers delayed nine trains for up to 20 minutes.

Meanwhile, the government, determined to rein in pay increases in all sectors, sent further signals that it is not willing to sacrifice economic and monetary stability to unreasonable pay claims.

Chancellor Helmut Kohl told regional leaders of his Christian Democratic Union that stability was important at home and abroad. "If we go down on our knees then the [economic] improvements in the new federal states will be further slowed," he said.

Mr Jürgen Möllemann, economics minister, said pay awards must be related to current economic conditions. The minister, widely attacked for insisting increases must be held below 5 per cent, said if demands were not restrained the west German economy faced more than "short-term disruption".

OTV, largest of the two main public service unions which together represent some 2.3m workers, said at the weekend that unless the employers improved their offer at the next round of talks the negotiations would be formally ended and a strike ballot called.

Trade surplus hit as exports shrink

GERMANY'S foreign trade surplus virtually disappeared in January as recession in the country's main markets caused a slowdown in exports, writes Christopher Parkes.

The surplus shrank to just DM50m ($30m) from DM5.1bn in December and DM1.3bn in the comparable month in 1991 and was the lowest since July's DM200m. At the same time the current account deficit rose to DM6.4bn from DM1.7bn in December and DM2.1bn a year earlier, the federal statistics office said yesterday.

Exports and imports of goods were both down on the year, reflecting slowing economic growth. However, overseas sales of DM54.38bn compared with DM57bn, fell more than imports, which dropped DM1.36bn to DM54.33bn.

The current account figures included a DM2.2bn deficit in services and one of DM4.1bn in "other payments".

Germany's trade deficit with the Far East, meanwhile, is causing increasing concern. Exports to the region rose only 2.6 per cent last year while imports jumped 25 per cent, according to Mr Edgar Nordmann, president of the East Asia Association, a Hamburg traders' group. Net result was a one-third increase in the deficit to a record DM38.7bn, he said.

Armenian forces attack former Soviet military base

DOZENS of heavily-armed Armenian militants yesterday surrounded a former Soviet anti-aircraft missile base inside Armenia, killing two CIS soldiers and taking the commander hostage, Reuter reports from Moscow.

About 60 Armenians, who launched the attack on Sunday night at Artik, near the Turkish border, were demanding the handover of heavy weapons for their war against Azerbaijan, according to the military command of the Commonwealth of Independent States (CIS).

The two former Soviet republics are fighting for control of Nagorno-Karabakh, the Armenian-dominated enclave within Azerbaijan.

Both sides have reported death tolls in the hundreds in the past two weeks, swelling a death toll of more than 1,500 in four years of guerrilla warfare.

Elsewhere in the former Soviet Union, violence continued in the month-long civil war in Georgia. An explosion in the town of Zugdidi, in the west of the republic , killed three policemen and injured several others.

In the republic of Moldova yesterday, peace talks were due to start after a week of clashes between ethnic Russians and majority Romanian speakers in which at least 10 people have been killed. A shakey ceasefire appeared to be holding.

In the fighting between Armenia and Azerbaijan yesterday, Armenian defence officials said Azerbaijani howitzers fired shells into Martuni, just east of the Karabakh capital Stepanakert, and Mi-24 combat helicopters strafed Karachinar, a remote Armenian-populated village just outside the enclave.

Fresh artillery duels were reported north of Nagorno-Karabakh, and Armenian militants shelled the Azerbaijani town of Agdam, just inside Azerbaijan proper, killing four people, according to Azerbaijani reports.

The last of an ex-Soviet rifle regiment completed its pullout from Nagorno-Karabakh at the weekend, ending the Commonwealth's direct role in the conflict, but yesterday's assault on the CIS missiles base threatened to drag the Commonwealth further into the conflict over the enclave.

John Lloyd, in Baku, Azerbaijan, adds: Nationalist leaders in Azerbaijan yesterday stepped up the pressure on the interim government of the republic to dissolve parliament and to form a coalition government with a strong contingent of nationalists and former opposition figures.

The aim of such a coalition would be to pursue a more active prosecution of the conflict in Nagorno-Karabakh, hitting back at the Armenian forces after a string of reverses.

Mr Niazi Ibragimov, deputy chairman of the Azeri Popular Front – the major focus for opposition nationalist forces – called for the dissolution of parliament and the passing of more power to the 50-strong National Council.

The council is currently equally balanced between the opposition and former communists whose orientation is now uncertain in the wake of the resignation last week of President Ayaz Mutalibov, a former leader of the Azeri communist party.

A meeting of the Azerbaijani parliament is scheduled to take place today and the opposition has called for more party demonstrations throughout the parliament building of the kind which helped cause the downfall of Mr Mutalibov last Friday.

The opposition has demanded the immediate formation of a 30,000-strong national army; sealing of the borders with Armenia; the withdrawal of Azerbaijan from the CIS; and the creation of a national currency.

Mr Ibragimov said: "Either the government creates effective state structures for defence or we can wash our hands of Nagorno-Karabakh."

Serbians opposed to President Slobodan Milosevic demonstrate in Belgrade yesterday, accusing him of mishandling the war against Croatia and calling on him to resign. It was the biggest protest against Serbia's ruling socialists since the start of the conflict, in which 6,000 people have died

Europe's ski makers slide toward the black

By Ian Rodger in Zurich

ASK Europe's ski equipment makers if they would prefer a booming economy or snow, and they answer without hesitation.

In spite of weak economic conditions in most European countries, Alpine resorts have enjoyed lively business this season and ski equipment makers are seeing the beginning of a welcome recovery from a disastrous slump in the late 1980s.

In sharp contrast to the past four winters, the Alps have been blessed with ideal weather conditions for skiing - several heavy snowfalls divided by long sunny spells. The winter olympics in France's Savoy region last month also gave a fillip to the sport.

According to the Swiss Tourist Office, the number of bed-nights sold in January was up 5 per cent to 2.6m, with most of the growth attributable to skiers. Visitors from Germany were up 11 per cent, those from Italy up 19 per cent and those from the UK up 16 per cent over last year's levels which were depressed by the Gulf crisis.

Worldwide sales of ski equipment look set to grow roughly five per cent, heavily concentrated in Europe. Producers say the Japanese market has calmed down after several strong seasons while the North American market is slumping because of recession and a lack of snow.

Salomon, the French equipment maker, is forecasting sales of 5.8m pairs of skis worldwide in the year to March 31, 1992, up 5 per cent from the trough of 5.5m reached in 1990-91, but still well below the 1988-89 peak of 7m pairs.

This will be enough to enable the company to make a small profit for the first time in three years. For another French company, Skis Rossignol, the world market leader in skis, a return to profit is not expected until next year, but the group's loss in the year to March 31, 1992 is likely to be only FFr40m, sharply down from FFr140m in the previous year.

Poles to restart debt reduction talks with banks

MR Andrzej Olechowski, Poland's new finance minister, will today meet representatives of Poland's 500 or so western commercial bank creditors in Warsaw to discuss a possible resumption of talks on reducing the $12bn debt, writes Christopher Bobinski in Warsaw. The talks with commercial banks have been stalled since the middle of 1991. Poland stopped servicing its commercial debt in the autumn of 1989 and arrears have mounted to over $1.5bn. The commercial banks have insisted that Poland settle its arrears before they agree to consider debt reduction. Poland has wanted to discuss both issues together.

OECD urges Oslo to curb subsidies

By William Dawkins in Paris

NORWAY'S Labour government was yesterday advised to curb state subsidies and open the country's financial markets to foreign competition.

These are among the conditions needed to support a durable revival from the economic shock inflicted by the mid-1980s oil price fall, argues the annual survey on Norway by the Organisation of Economic Co-operation and Development (OECD).

A hesitant recovery is on the way, with gross domestic product (GDP) likely to grow by 2.9 per cent in 1993 from 2 per cent this year, says the OECD. Growth in oil output should lead to a big current account surplus of nearly 6 per cent of GDP next year, it adds.

Despite Oslo's attempt to reduce the economy's dependence on oil, the OECD finds that it has used too much oil wealth to raise the share of state spending in national income, to nearly 65 per cent of non-oil GDP last year. This includes "lavish regional subsidies, targeted subsidies to maintain the international competitiveness of ailing industries and record levels of support to agriculture."

This is an inefficient way of stimulating the economy and distracts entrepreneurs from the pursuit of efficiency, says the report. It advises Oslo to consider using oil income to reduce taxes instead.

It singles out Norway's crisis-stricken banking system, where bad debts, piled up during the economic slowdown, have undermined confidence in the solvency of banks, forcing the government to pump cash into the sector. The study warns that a balance must be struck between restoring the stability of the banks and not "giving signals which could . . . encourage careless behaviour by banks and their clients".

Banks "must not become a new outlet for permanent subsidies," it says.

The OECD advises that the state should encourage banks to decide which bad loans must be written off as quickly as possible, so that they can restructure and raise fresh capital. A review of prudential rules, to avoid a repeat of the crisis, is called for.

Financial markets should also be more open to foreign competition, one way of reducing the risk of a credit crunch, says the OECD.

OECD Economic Surveys - Norway. FFr70, from OECD Publications, 2 Rue André-Pascal, 75775, Paris Cedex 16.

Greek minister faces strike siege

By Kerin Hope in Athens

MR STEFANOS Manos, Greece's new economy minister, is likely to spend much of this week besieged in his office. Striking workers in the banking and power sectors, as well as bus depot employees, will gather at the ministry building in central Constitution Square from today, protesting against the conservative government's decision to freeze public sector wages this year.

Four days of walk-outs are timed to coincide with the debate in parliament on legislation banning pay increases for workers in state-owned corporations. The government says a pay freeze is the only way to ensure that both unions and heads of public sector enterprises obey the call for austerity.

Mr Manos, 52, may be the right man to enforce harsh measures. As environment minister, he launched the much-delayed Athens Métro project last year, but then walked out of the cabinet when his plea to stay on and tackle the city's pollution problem was rejected. But he will need all the persistence with which he is credited if Greece is to make up lost ground after a miserable economic performance in 1991, the first year of a three-year stabilisation programme launched in return for an Ecu2.2bn ($2.75bn) loan from its European Community partners. The government is already in the embarrassing position of being denied the second Ecu600m tranche of the loan which was due last month. It will not be paid unless the government can present the European Commission with a new five-year convergence plan by the summer, enabling Greece to participate in European Monetary Union. The plan would have to outline the government's strategy to reduce inflation and the budget deficit.

Little progress was made towards last year's targets for reducing the public sector deficit by trimming the civil service payroll, cracking down on tax evasion and raising extra revenues through privatisation and sales of state land.

The government's ambitious plans were later modified or simply postponed because of fears that reform would alienate conservative voters.

The government borrowing requirement fell by fewer than three percentage points last year to around 14 per cent of gross domestic product, compared with a target of 10.5 per cent.

The budget deficit for last year was almost Dr600bn ($3.1bn) more than projected.

The only bright spot last year was a 60 per cent drop in the current account deficit, which declined to $1.46bn as imports slowed in response to shrinking consumer demand. The inflation rate is forecast to fall this year from 18.1 per cent to 13.5 per cent. But this target may be hard to achieve even with a wage freeze since more administered prices are being liberalised, while private sector workers are expecting pay increases of at least 15 per cent.

To improve revenues this year, Mr Manos is expected to press the Finance Ministry to speed up computerised checking of returns from businesses and self-employed professionals, and to carry out its promise to bring 60,000 farmers into the tax net this year.

But Mr Manos's biggest problem will be to convince the cabinet that his fellow EC finance ministers will be reluctant to release any more of the loan until a long overdue law to reform the pension system takes effect.

Draft legislation, which would reduce welfare spending, has been ready for several months, but the government is delaying its introduction in parliament for fear of triggering a prolonged confrontation with the socialist opposition.

Germans arrest ex-Soviet migrants with uranium

The German authorities arrested two ethnic Germans from the former Soviet Union suspected of trying to sell 1.2kg of uranium, police said yesterday, Reuter reports from Munich.

The radioactive material, kept in a lead casing in a bag in the boot of a Mercedes car, was confiscated.

Police said the suspects, both immigrants who had been under surveillance for some time, had planned to sell the uranium for DM1.9m (£650m). They added that the origin of the uranium was not known.

A spokesman for Atomforum, an association of German nuclear power producers, said the enriched uranium 235 would not have been enough to produce an atomic bomb. He added that the radioactive material, could not have come from Germany.

Bulgaria seizes $5m of heroin

Bulgarian customs officials have confiscated 9kg of heroin with a street value of about $5m (£2.8m), Reuter reports from Sofia. Customs officials said the shipment was found at the Kalotina checkpoint on the border with Yugoslavia in a train travelling from Istanbul to Munich.

■ Eastern Europe could become a haven for money launderers, Mr Jacques Attali, president of the European Bank for Reconstruction and Development, warned yesterday, after talks with Hungarian leaders, writes Nicholas Denton in Budapest.

Child cancer cases rise in Belarus

Thyroid cancer among children in Belarus rose steeply last year, continuing a sharp upward trend since the 1986 Chernobyl nuclear disaster in neighbouring Ukraine, a health ministry official said, Reuter reports from Moscow.

Mr Valentin Stezhko, head of the ministry's Chernobyl department, said some 50 new cases were recorded in 1991 alone, compared with 45 between 1986 and 1990.

Only seven cases of thyroid cancer were detected in the five years before the world's worst nuclear accident.

Turkish aircraft bomb Kurds

Turkish aircraft bombed two camps used by Turkish Kurdish guerrillas in northern Iraq yesterday, officials said. It was the second cross-border raid this month, Reuter reports from Ankara.

The raid, similar to one on March 1, appeared to be part of an attempt to cripple the guerrillas' ability to mount a spring offensive to coincide with the Kurdish New Year on March 21.

The emergency rule governor's office in south-east Turkey's provincial capital Diyarbakir said the hour-long air strike destroyed Kurdish Workers Party (PKK) camps about 9km inside Iraq.

Jail terms urged for Banco Ambrosiano accused

AN ITALIAN prosecutor yesterday demanded jail terms for Mr Carlo De Benedetti, the industrialist, Licio Gelli, leader of the banned P2 masonic lodge, and about 30 other people for alleged involvement in the collapse of Banco Ambrosiano a decade ago, Reuter reports from Milan.

Mr Pier Luigi Dell'Osso said that Mr De Benedetti, tried for fraudulent bankruptcy from his brief spell at the bank before its collapse in 1982, should be jailed for six years and two months.

"De Benedetti was fully aware of the grave difficulties which the bank was in," Mr Dell'Osso told the court. A decision is expected in about six weeks in a trial that began in May 1990.

Banco Ambrosiano collapsed in August 1982 with debts of $1bn in Italy's largest post-war banking scandal. Mr Dell'Osso asked for sentences of 18 years and four months for Gelli, former grandmaster of P2, and 18 years and eight months for leading P2 member, Umberto Ortolani.

The discovery of the P2 lodge in the spring of 1981 brought down the Italian government.

Banco Ambrosiano's chairman Roberto Calvi – dubbed "God's Banker" because of his close ties to the Vatican – was found dead, hanging from London's Blackfriars Bridge in June 1982.

Mr De Benedetti served as deputy chairman of Banco Ambrosiano from November 1981 until January 1982, when he sold his small stake in the bank. But the chairman of computer-maker Olivetti has denied any responsibility for the bank's failure. The Vatican, which vehemently denied any blame, agreed to pay $250m to Banco Ambrosiano's creditors after investigations revealed a complex web of loans between its Istituto per le Opere Religiose (IOR) and Banco Ambrosiano.

Zurich suffers withdrawal symptoms on drug park

The city's liberal treatment of addicts has left an aftermath that's straining alliances, writes Ian Rodger

IT HAS been a month since the Zurich authorities drove drug addicts from the notorious Platzspitz park in the heart of this otherwise tranquil city, but city leaders are still feeling their way clumsily towards an effective policy for dealing with their outsize drug problem.

Superficially, the Platzspitz closure has been a success. The hundreds of addicts who converged on the park every day for drugs, free syringes and needles have dispersed. The big underworld dealers who really frightened the authorities have also vanished and the park itself is fenced shut and deserted.

The police claim that the drug-related death rate in the city in January and February has tumbled to one from 13 in the same period of last year. The crime rate has halved in the central districts of the city, but only thanks to a massive and controversial police presence. Drug prices have soared. According to Mr Josef Gätzi, deputy chief of the police drug squad, heroin on the street has jumped from SFr50 ($33.50) to SFr200 per gram.

The closure of the park came as the city's socialist-green government finally acknowledged that its decade-long experiment in liberal treatment of drug addicts had been a failure.

The idea had been that by concentrating the addicts in one place, medical treatment, counselling and other services could be provided.

But the concentration also attracted big-time dealers and led to soaring crime rates in central Zurich. Local businessmen eventually became impatient and demanded that Platzspitz be closed.

It has become apparent in the past few days that the city was also under fire from the country's powerful banking establishment. Two senior bankers, speaking at press conferences, have claimed that Platzspitz has been one of the factors contributing to the widening view abroad that Switzerland is no longer the stable, well run country it used to be.

When the park closed, the authorities set up a plan for dispersing the addicts. Those who came from other parts of Switzerland – and they were the majority – were to be sent home. Those from Zurich were sent to one of several small shelters established around the city.

That plan seems to have worked well, with only minimal complaints from residents in the districts where the shelters are located.

However, the shelters are open only at night. Ideas for dealing with the addicts during the day were more sketchy, with no clear programme or additional facilities for counselling and rehabilitation.

For example, a bus to dispense methadone was promised by the cantonal government, but its approval continues to be delayed. The result is that many addicts have simply moved from Platzspitz to an adjacent run-down neighbourhood, known as Kreis 5, to try and re-establish a trading centre.

"We are very pleased that Platzspitz has been closed, but it is obvious the city was not sufficiently prepared about what to do afterwards," said Mr Hans Georg Lüchinger, president of the Zurich Shopkeepers' Association.

The police have moved into Kreis 5 in force, constantly trying to disperse the addicts. There have been complaints of excessive harassment, including confiscation of needles and small amounts of drugs, contrary to official policy. Addicts staged a protest demonstration in front of city hall two weeks ago.

All this is straining the political alliance that agreed on closing Platzspitz. Ms Emilie Lieberherr, the socialist head of the city's social affairs department and a member of its three-person drug committee, last week tried to distance herself from what she considers an unnecessarily brutal implementation of the new policy. "This situation is bad for the addicts and bad for the people of Kreis 5," she said.

Mr Robert Neukomm, head of the police department and another member of the drug committee, claims that his forces have been instructed not to take away needles from the addicts.

Ms Lieberherr also complains about the inadequacy of treatment programmes. She argues that heroin should be provided under medical supervision to the 150 serious addicts in the country, but the federal government is resisting.

Mr Neukomm says that rehabilitation programmes are improving. Addicts are more inclined to seek help now that the magnet of Platzspitz is no longer there, he says.

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Canada threat of sanctions on US is 'just bluster'

By Nancy Dunne in Washington

A SPOKESMAN for a key US senator yesterday dismissed threats of Canadian sanctions on US exports as "just bluster", saying the US would probably take any counter-retaliation to Gatt.

Canadian counter-retaliation for punitive duties on softwood lumber would be "a blatant violation of its Gatt obligations," the spokesman for Senator Max Baucus, chairman of the international trade sub-committee, declared. A preliminary Commerce Department ruling on Friday had found an export subsidy of 14.48 per cent on Canadian soft wood shipments was allowable under Gatt, whereas counter-retaliation was not, he added.

Senator Baucus has taken the lead on the US response to Canada's termination last October of a Softwood Lumber Memorandum of Understanding which led to the finding. Along with 67 other senators, he urged the Administration to act on "the Canadian threat to the US timber industry".

The overwhelming response was a sign of election-year politics at play in US trade policy this year. The Bush administration has been thrown into turmoil by the challenge of Mr Patrick Buchanan to President Bush in the primaries. While Mr Bush is retreating to Washington, his surrogates, such as Mrs Carla Hills, US trade representative, are being sent out to campaign, Mrs Hills making the case for free trade against the protectionist Mr Buchanan.

Democrats in Congress say the pace of the North America Free trade Agreement (Nafta) talks has been slowing since the New Hampshire primary, when the pattern began of the president losing more than a third of his party's vote to Mr Buchanan or to uncommitted slates.

The two Democratic front-runners, former senator Paul Tsongas of Massachusetts and Governor Bill Clinton of Arkansas, favour Nafta, which involves the US, Canada and Mexico. But they say it must be "the right kind of Nafta" with acceptable environmental safeguards and a workers' adjustment programme. These must still be worked out, and the time is likely to be too short for that this year.

● Damian Fraser adds from Mexico City: A government minister has said Mexico has modified its position on financial services in the Nafta talks, and that US and Canadian banks and brokerages will be offered national treatment in Mexico from 1995 onwards. But national treatment will be tempered by pre-set market shares for Canadian and US companies that will be gradually increased, then scrapped over a seven-year transition.

US chipmakers fear failure for pact with Japan

Executives' frustration is growing at lack of progress in market opening, Louise Kehoe reports

THE US-Japanese semiconductor trade agreement, signed last June, "is on the threshold of failure," says a US semiconductor industry report to be presented to President Bush this week. The report, Heading Toward Crisis, reflects the frustration among executives at the lack of progress in opening the $20bn (£11.3bn) Japanese chip market to foreign suppliers.

Weary of a decade-long trade battle, US chip makers are gathering in Washington this week to press the Bush administration to take a tougher stand. The 1991 US-Japan accord, the second semiconductor trade pact between the two countries, specified a 20 per cent foreign market share be established in Japan by the end of this year.

But for the past two years, the foreign share of the Japanese market has remained virtually stagnant at about 14 per cent, the US chipmakers say.

"To avoid the increased trade friction that will inevitably result from failure to achieve the semiconductor agreement's objectives, the industries and governments must take immediate and decisive action," the report states. "The US government should (also) begin considering what additional actions are appropriate if foreign market share does not substantially increase."

What those actions should be "is up to the government," say the executives. While they stop short of urging economic sanctions, there is no doubt these would be sought if rapid improvement fails to occur in market access. US industry anger over the Japanese chip trade imbalance has been worsened recently by concerns that Japanese semiconductor producers may again be dumping memory chips at below-cost prices in the US and third-country markets.

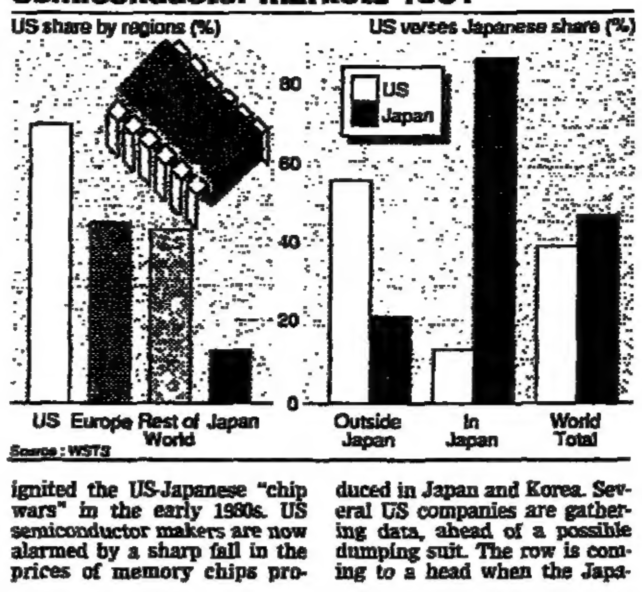
Dumping was the issue that ignited the US-Japanese "chip wars" in the early 1980s. US semiconductor makers are now alarmed by a sharp fall in the prices of memory chips produced in Japan and Korea. Several US companies are gathering data, ahead of a possible dumping suit. The row is coming to a head when the Japanese chip market is in a decline. Sales of semiconductor devices in Japan fell 6 per cent in the fourth quarter of 1991. Japanese officials say the recent dip in chip imports reflects market conditions. But they have said in the past that fast growth in the Japanese market explained small rises in foreign market share.

"If foreign share cannot increase in fast growth times, and cannot increase in slow growth times, when can it improve?" the US industry asks. "The American industry has heard ample excuses. What Japan and America need now is results." The US chipmakers expect a mixed reception in Washington this week. While they have support in Congress, the industry is becoming increasingly dissatisfied with the Bush administration.

They are critical of Mrs Carla Hills, US trade representative, who, some charge, is "more interested in potato chips than semiconductor chips". The US industry is set to make its battle an issue in the presidential election campaign and has sponsored a national poll on trade and competitiveness issues.

The results, to be announced this week, suggest heavy support for stronger government action on behalf of US high-technology industries. Asked if penalties were justified against countries agreeing to open their markets to US products, then failing to, 73 per cent said "Yes". Support for economic sanctions stayed firm (67 per cent), even if that meant paying higher prices for some consumer products. Some 73 per cent were dissatisfied with Japan's response to trade issues raised by the US. By stressing their role in the US electronics industry, the US's biggest industrial employer, chipmakers aim to raise support to pave the way for possible sanctions against Japan.

Semiconductor markets 1991



Source: WSTS

French bus maker near finalising joint venture with Czech group

RENAULT Véhicules Industriels (RVI), the French state-owned bus and truck maker, is near finalising a joint venture with Karosa, a Czechoslovakian company that makes buses and fire engines, William Dawkins reports from Paris.

The two have signed a letter of intent for what will be RVI's most significant eastern European investment. The deal is expected to be completed by May. It is part of a push by RVI into east Europe, coming after two defeats against German competitors for alliances in Czechoslovakia. RVI lost to Germany's Mercedes-Benz in January in a battle for a partnership with Avia, the Czechoslovak truck maker. RVI's car-making parent, Renault, a year earlier had tried to get control of Skoda, but lost to Volkswagen of Germany.

RVI and Karosa have been talking since December. RVI would take at least a 31 per cent stake in Karosa, in line with the Mercedes-Benz investment in Avia, for a sum to be settled. RVI would modernise Karosa's plant at Vysoké Mýto, eastern Bohemia, adapting its production lines to make RVI trucks of 9-15 tonnes. Karosa's output of 1,500 vehicles a year compares with its 4,000-vehicle capacity.

China Light and Exxon in HK$60bn power plans

By Simon Holberton in Hong Kong

CHINA Light and Power (CLP) and its partner Exxon plan to spend up to HK$60bn (£4.4bn) over the next decade on new power plants and associated transmission and distribution systems in Hong Kong, the two said yesterday.

CLP and Exxon are the monopoly suppliers of electricity to Kowloon and the New Territories in Hong Kong. Their predictions of future capital spending were made as the two companies signed another 15-year scheme-of-control agreement with the Hong Kong government for supply of power to the colony. The agreement will run from October 1993 until 2008.

The two said they would also be signing heads of agreement with the Chinese government this week for supply of natural gas from Hainan Island, 500 miles south of Hong Kong, to fire a planned power station at Black Point in the New Territories.

Black Point has a planned capacity of 6,000 MW, making it the world's biggest thermal power station under active planning, and is due to start producing electricity by 1996. CLP and Exxon intend up to half of it to be fired by gas and the remainder by coal.

The China National Offshore Oil Co (CNOOC), and Arco International Oil and Gas, the exploration arm of the US oil company, plan to lay a 500-mile submarine pipeline from the Yinggehai gas field to the New Territories. The agreement, which provides for supply for a minimum of 20 years, requires CNOOC to deliver gas by 1996.

The renewal of the scheme of control for CLP and Exxon was the first major issue the Hong Kong government put before the Chinese government in the wake of last year's airport agreement. It was required to do so as the agreement straddled 1997. Both companies expressed confidence in the future of Hong Kong and southern China.

The Hong Kong government has allowed the two to keep 20 per cent of the profits they derive from selling electricity to China. Currently, some 10-12 per cent of their output is sold to China; last year, those sales earned the company HK$900m in revenues.

The scheme of control allows the companies to earn a return of 13.5 per cent, and 15 per cent on average net fixed assets in electricity-related operations.

Metro-Cammell to supply HK mass transit trains

By Andrew Baxter

GEC Alsthom's Metro-Cammell subsidiary yesterday announced an order to supply eight eight-car electric multiple unit trains to Hong Kong's Mass Transit Railway Corporation (MTRC).

No terms were disclosed for the contract, which totals 48 motor-vehicles and 16 trailers, and includes an option for up to three extra eight-car trains.

The rolling stock will be assembled in Hong Kong by Metro-Cammell for delivery between March 1994 and August 1995. GEC Alsthom said the trains would enable the MTRC to cope with forecast growth in passenger traffic at a time when an increasing number of vehicles will be undergoing half-life maintenance. The trains will be interchangeable with the existing fleet and include new energy-saving electronic motor-control equipment. This is being fitted to the present fleet by Metro-Cammell.

OECD export credit rates

THE Organisation for Economic Co-operation and Development announced new minimum interest rates for officially-supported export credits for Mar 15 - Apr 14 1992 (Feb 15 - Mar 14 rates in brackets):
D-MARK 9.06 per cent (9.04);
ECU 9.15 (9.18);
FRENCH FRANC 10.00 (9.96);
GUILDER up to 5 years 9.45 (9.40); 5-8.5 years 9.25 (9.35); more than 8.5 years 9.20 (9.35);
ITALIAN LIRA 11.93 (11.98);
YEN 5.80 (same);
PESETA 12.32 (12.55);
STERLING 10.44 (10.69);
SWISS FRANC 7.42 (7.48);
US DOLLAR for credits of up to five years 6.72 (6.40); 5-8.5 years 7.58 (7.24); for credits of over five years 7.96 (7.70).

These rates are published monthly by the Financial Times, normally around the middle of each month. They apply to all export credits. However, on those to middle-income and poor developing countries the OECD matrix rate can be used if lower.

This matrix was changed most recently on July 15 1992 and will be subject to change on July 15.

World leaders praise Begin's peace role

By Hugh Carnegy in Jerusalem

ISRAELI, US and Egyptian leaders praised Mr Menachem Begin, the former prime minister of Israel who died yesterday, for his role in forging an historic peace agreement with Egypt, as thousands gathered on Jerusalem's Mount of Olives to attend the simple Jewish burial ceremony he had requested.

Foreign tributes praised Mr Begin, who was 78, for signing the Camp David peace agreement with Egypt, ratified in 1979, under which Israel gave up the Sinai Peninsula, captured in the 1967 Six Day War, and won in exchange an unprecedented peace treaty with an Arab state.

They avoided mention of his more controversial past as violent underground leader against British rule in Palestine in the 1940s, his militant commitment to eternal Israeli rule over the other occupied territories or the bloody 1982 invasion of Lebanon, a débâcle which contributed to Mr Begin's surprise decision to retire in 1983.

His "very courageous, foresighted role at Camp David" would never be forgotten, said US President George Bush, a sentiment echoed by Mr Jimmy Carter, president at the time of the accords and a vital catalyst in their negotiation.

Egyptian leaders joined the praise, taking the opportunity to call on Mr Begin's successors to follow his path of giving up occupied territory in exchange for peace in the current Middle East talks. "His understanding of land for peace paid great service to the peace process," said Mr Amr Moussa, Egypt's foreign minister.

Mr Boutros Boutros Ghali, the UN secretary general, who took part in the Camp David negotiations on the Egyptian side, said he hoped "that the new generation of leaders in Israel and the Arab world will have the same courage and political determination".

Mr Yitzhak Shamir, the present Israeli premier and Mr Begin's successor as leader of the right-wing Likud party, led a large array of Israeli political colleagues and rivals who joined the Begin family at the graveside. But the burial according to Jewish religious practice, on the day of death, meant there was no time for mourners from abroad to arrive. Foreign governments were represented by the Spanish ambassador to Israel.

Mr Begin died in hospital after a heart attack a week ago. He was buried alongside his wife Aliza and late fellow-fighters in the Irgun Zva'i Leumi, the Jewish guerrilla band he led in the 1940s.

The mourners were led by his son Mr Ze'ev Binyamin Begin, a Likud MP who has already signalled his intention of one day succeeding his father as party leader.

OBITUARY: MENACHEM BEGIN

Singular leader was last great founding Zionist

By Hugh Carnegy in Jerusalem

IT TOOK Menachem Begin more than three decades to become prime minister of Israel. After finally achieving office in May 1977, in a watershed defeat of the hitherto all-powerful Labour movement by his Likud party, he belied a belligerent past by negotiating peace with Egypt, an historic and enduring breakthrough for the Jewish state.

For that he won the Nobel peace prize, along with President Anwar Sadat of Egypt, whose visit to Jerusalem in November 1977 was an emotional highpoint for Israelis that is still spoken of with awe today. But in the summer of 1982 Begin took an altogether more bloody turn when he approved an all-out invasion of Lebanon by Israel.

It was a disastrously misconceived adventure, meant to destroy the Palestine Liberation Organisation and impose Israel's political will on its fragmented neighbour.

Achieving neither of these aims, it led instead to thousands of dead, including more than 600 Israelis, a deep split in Israeli society and the shame of the massacre of hundreds of Palestinians in the Beirut refugee camps of Sabra and Chatila by Israel's Christian militia allies.

Fourteen months after the invasion, in August 1983, Menachem Begin, by now a shadow of the man who had transformed the Israeli political scene, became a virtual recluse, broken by the traumatic events of the previous year, growing ill-health and the death of his wife Aliza.

Begin, a Pole, was born into a fiercely Zionist family in Brest-Litovsk, then in Tsarist Russia and now on the western border of present-day Belarus, on August 16, 1913. He grew up an aggressive defender of Jewish rights against anti-semitism in inter-war Poland and an advocate of a Jewish homeland and state in Palestine.

When the rise of Nazism first threatened, then engulfed, eastern Europe, Begin was already a prominent leader of the Betar organisation, the youth wing of the Revisionist Zionist movement.

The Revisionists were inspired and led by Vladimir Ze'ev Jabotinsky, whose mantle Begin was to assume after his death in 1940. Until Begin's electoral victory in the 1970s, the Revisionists represented a minority among Zionists. Their militarist posture, partly modelled on Mussolini's Italian fascist movement, was scorned by the far more numerous socialist Zionists, led by Jabotinsky's great rival, David Ben Gurion.

Released by the Russians in 1941, after three months in an Arctic labour camp, Begin arrived in British mandatory Palestine in 1942. Behind him he had left his mother, father and brother, who were all killed by the Nazis . Within a short time he became commander of Irgun Zva'i Leumi, an underground guerrilla group dedicated to forcing the British out.

Unlike the mainstream Zionists, Irgun and its fellow Revisionist group, the Stern Gang, rejected any proposal to partition Palestine into Jewish and Arab states and adopted uncompromising violence in their fight against the British.

Irgun was responsible for actions such as the bombing of the King David Hotel in Jerusalem in 1946 in which 91 people, including 28 Britons, died.


Menachem Begin: an aggressive defender of Jewish rights

Two years later, a month before the British finally pulled out, Begin's men were involved in the massacre of 200 Arab men, women and children in the village of Deir Yassin, an event which helped prompt the exodus of Palestinian Arabs from what became Israel.

After the state was established, Begin became a noisy but somehwat marginal opposition leader.

But his Herut ("freedom") party took care to court the poor Sephardic, or Oriental, Jewish immigrants pouring into Israel from North Africa and the Middle East. These were to become a majority of the population, but their concerns were fatally neglected by the aloof Ashkenazi, or European, Labour leaders.

His personal courtesy towards the new Israelis gradually won their loyalty. This paid off in dramatic fashion in the 1977 elections when Herut, now allied in the Likud bloc with other right-wing parties such as the Liberals, defeated a Labour party still reeling from near-defeat in the 1973 Yom Kippur War.

The peace with Egypt that followed, after the Camp David negotiations hosted by US President Jimmy Carter, surprised many who had not credited Begin with possessing such statesmanship.

The accords were opposed by many within the Likud – notably Mr Yitzhak Shamir, the present prime minister – and required the backing of Labour to pass the Knesset.

By giving up the Sinai, the core of the agreement, Begin proved that Israel could budge on the territory it captured in the 1967 Six Day War.

But his commitment to "Eretz Israel," the biblical Land of Israel, prevented him yielding more than a commitment to limited Palestinian autonomy in the West Bank and Gaza Strip.

Ezer Weizman, then Begin's defence minister closely involved in negotiating the accords, later a Labour member of parliament, believes Begin deliberately backtracked on the limited commitments he did make on the West Bank and Gaza because they contained a threat to "Eretz Israel."

He encouraged the further settlement of thousands of Jewish settlers in the Arab territories, and the stalemate led ultimately to the eruption of the Palestinian intifada in the West Bank and Gaza in 1987.

For all his anti-communist rhetoric, Begin had little interest in business or economics. His government failed to overturn the deeply embedded socialist structure of the Israeli economy. Instead, a dose of deregulation and free-spending led to hyper-inflation and huge debts in the mid-1980s.

After his retirement, Menachem Begin rarely ventured out of his Jerusalem apartment. As the memory of Lebanon receded, his stature in the eyes of the Israeli public grew once more.

The hankering for such a singular leader, regarded as perhaps the last of the great founding Zionists, is reflected in the growing popularity for his son Binyamin, a rising Likud MP.

Miyazawa pledges more reform after by-election defeat

By Stefan Wagstyl in Tokyo

MR Kiichi Miyazawa, the Japanese prime minister, yesterday pledged to redouble his efforts to carry out political reform in the wake of the ruling Liberal Democratic Party's defeat in an important by-election.

However Diet members doubt whether Sunday's defeat will actually galvanise Mr Miyazawa and other LDP leaders into action.

Instead, argument over possible reforms and over the current spate of corruption scandals is likely to continue to blight proceedings in the Diet. This will slow discussion over other serious issues facing the government – including measures to stimulate the economy, the possible opening of the rice market, and plans to increase Japan's contribution to United Nations peacekeeping forces.

Sunday's poll in Miyagi, in northern Japan, for a seat in the Diet's lower house was won by Mr Koki Hagino, a university professor backed by opposition parties and by the political arm of Rengo, Japan's trade union federation. Mr Hagino narrowly defeated an LDP candidate in a rural constituency which had once been a ruling party stronghold.

According to newspaper opinion polls, voters in Miyagi were concerned about the slowdown in the economy and about hints the government might relax a ban on rice imports.

However their anger was mostly directed at Mr Miyazawa's failure to tackle political reform.

Commentators saw the verdict as a measure of widespread public discontent with LDP-dominated politics. The Yomiuri newspaper said yesterday: "The problem is that the LDP has no concrete policies. They have nothing with which to engage people in a political debate."

However, opposition parties also have little credit with voters. The Yomiuri said: "This is a crisis not only for the LDP but also for the opposition which has lost the ability to solve problems."

The LDP now has little time to recover voters' trust before two more by-elections in the spring followed by a national election for seats in the Diet's upper house in July.

The party lost its majority in the upper house in 1989, during the Recruit stocks-for-favours scandal. It seems certain to lose more ground this year as voters protest about more recent affairs.

Rao wins confidence vote comfortably

By David Housego in New Delhi

INDIA'S prime minister P.V. Narasimha Rao reinforced his political authority yesterday when he comfortably survived what amounted to a parliamentary vote of no confidence in his government.

His success removed the threat of a snap election which had surfaced at the end of last week as the Congress government and opposition prepared for confrontation.

Winding up the debate yesterday, Mr Rao spoke of the "tense situation" created by the opposition's combining forces to challenge the government on inflation and unemployment.

He said he had not expected the government's majority to be tested when India was so vulnerable to its international creditors, and when it had been seeking to build a consensus over economic policy. "This situation has been forced on the government. I did not think it would happen," he declared.

In crucial amendments to a motion of thanks on the president's address to parliament inaugurating the present budget session, the government won by 262 votes to 210. Many opposition members, including Mr Chandra Shekhar, the former prime minister who had said he would vote against the government, stayed away rather than cast a vote that could have precipitated an election.

The challenge to the Congress government emerged when all the opposition parties, including the Hindu Bharatiya Janata Party (BJP), the Janata Dal, and the left, decided to join forces to condemn the government.

Until now the Congress party, just short of a majority in parliament, has survived by creating issue-related majorities. In diverting the attack, Mr Rao has shown his growing strength. He used the vote to rally his party, a reluctant supporter of the shift to more market-oriented policies, and humiliate his opponents.

His strength derives from the belief that in a snap election the Congress party could well obtain an absolute majority. The opposition's fear of a Congress victory caused them to back away from bringing down the government.

East Timor protest ship leaves Darwin

By Kevin Brown in Sydney and Patrick Blum in Lisbon

MORE than 100 Portuguese and Australian protesters sailed from Darwin for East Timor yesterday, ignoring US and Australian warnings that their plan to lay wreaths at the site of a massacre of pro-independence demonstrators might provoke a stern response from Indonesia.

The protesters, on board the Portuguese car ferry Lusitania Expresso, have been barred from Indonesian waters, and will face a naval blockade.

The protest is intended to demonstrate Portuguese sovereignty over East Timor, which was invaded by Indonesia in 1975, and annexed the following year. The annexation has not been recognised by the United Nations.

Portuguese President Mario Soares meanwhile strongly criticised the US and Australia for having "double standards" over the annexation and the continued abuse of human rights in Lisbon's former colony. Indonesia has admitted that at least 50 East Timorese demonstrators were killed in November, when troops opened fire on a funeral march in Dili, the capital. Witnesses say the death toll may have been much higher.

UK fails to speed HK liaison group talks

By Robert Mauthner in London and Simon Holberton in Hong Kong

BRITAIN yesterday failed to persuade China to speed the work of the Anglo-Chinese Joint Liaison Group (JLG) which deals with problems arising from the colony's transition to Chinese rule in 1997.

Though talks in London between Qian Qichen, China's foreign minister, and UK premier John Major and foreign secretary Douglas Hurd were described by British officials as "constructive," many issues remain to be settled before the handover.

These include the HK government's plans to "corporatise" the Hong Kong Radio and Television organisation, which the Chinese oppose, and UK demands to know what use the Chinese People's Liberation Army intends to make of military facilities in the colony.

While Qian reaffirmed China's commitment to the 1984 Anglo-Chinese joint declaration on Hong Kong and the memorandum of understanding on the building of the colony's new airport, he rejected British procedural proposals for speeding work in the JLG. Britain had suggested specific deadlines be set for replies to proposals made by either side.

The British leaders again declined to insist on faster implementation of Hong Kong's embryonic democratic system, saying they intended to raise the issue formally in the JLG soon. But Lu Ping, director of China's Hong Kong and Macao Affairs office, said in Guangzhou (Canton) yesterday that any alteration to current plans would need a change to the Basic Law, Hong Kong's post-1997 constitution.

Qian used his visit to London to deposit the instruments of China's adhesion to the Nuclear Non-Proliferation Treaty. He called the move "a major step towards the complete prohibition and thorough destruction of nuclear weapons".

Mr Major raised human rights issues, particularly the recent sentencing in China of 11 political dissidents, and appealed for clemency for Wang Jun Tao, who is known to be ill.

His appeal was neither accepted nor rejected by Qian, but China has agreed to allow an all-party group of British MPs led by Sir Geoffrey Howe, the former foreign secretary, to visit China to look into human rights.

Pakistan merges branches of BCCI with state bank

PAKISTAN has merged three branches of Bank of Credit and Commerce International with a government-owned bank, AP reports from Islamabad.

The merger is based on terms set by the liquidators of BCCI, the state-run Habib Bank and the central bank, the finance ministry said.

"Under the merger plan, the assets and liabilities of the three Pakistan-based branches of BCCI will vest Habib Bank Limited, which will manage them through a subsidiary. All unencumbered deposits and claims will be payable in full."

Although BCCI branches worldwide closed last year following disclosures of massive fraud, BCCI Pakistan continued to operate.

Japanese drug 'could be used in Aids cases'

A JAPANESE drug developed to suppress the immune system in transplant patients could be a powerful treatment for Aids, according to tests at Cambridge University in England, write Clive Cookson and Emiko Terazono.

Dr Abraham Karpas, an Aids specialist at the university's haematology department, has discovered that Fujisawa Pharmaceutical's immunosuppressant drug FK-506 stops the replication of human cells infected with HIV, the Aids virus, while allowing uninfected cells to grow normally.

This selective impact on cells seems to distinguish FK-506 from Aids treatments such as Wellcome's AZT, which act directly on the virus. Fujisawa's share price surged on the Tokyo stock market yesterday, as copies of a letter sent by Dr Karpas to the company about his studies on FK-506 circulated among brokers.

The stock jumped 5.4 per cent to a day's high of Y1,440 before closing up Y70 at Y1,360. Fujisawa expects to launch FK-506 in Japan in 1993 and the US and Europe in 1994. Fujisawa said the company had just received a letter from Dr Karpas and would not be able to make any decisions until full data was available.

Dr Karpas said he had applied for a patent to use FK-506 against HIV in clinical trials and hoped Fujisawa would co-operate with his research group.

De Klerk fails to project vision of life after apartheid

By Patti Waldmeir in Welkom, Orange Free State

SOUTH AFRICAN President F.W. de Klerk has a winning smile and, he hopes, a winning platform for next week's referendum on the future of apartheid. But there is one missing ingredient from his campaign, which he yesterday took to the ultra-conservative Orange Free State: a persuasive and positive vision of a multi-racial future beyond apartheid.

Throughout his eight-day, whirlwind national roadshow, Mr de Klerk has perfected his technique: he prolongs every kiss for a National party baby: and makes doubly sure that television cameras capture him smiling benevolently on every available pensioner.

But before audiences from Cape Town to Natal, and yesterday in fiercely conservative Welkom, a mining community in the Orange Free State, he has proved short on inspiration and long on reluctant acceptance of the inevitable: an end to white rule.

His public meetings are curiously flat in tone; no questions are allowed, little heckling has taken place and the applause is far from thunderous.

National Party organisers worry that this reflects a large degree of voter apathy.

Faced with the biggest decision of their political lives, many whites simply cannot bring themselves to choose between what they consider two equally unattractive options: the risk of civil war and international sanctions if they vote no and the risk that a yes vote would lead to economic decline.

Yesterday, Mr de Klerk took his campaign to its toughest turf yet. Drought in the Orange Free State has left withered maize stalks and drooping sunflowers.

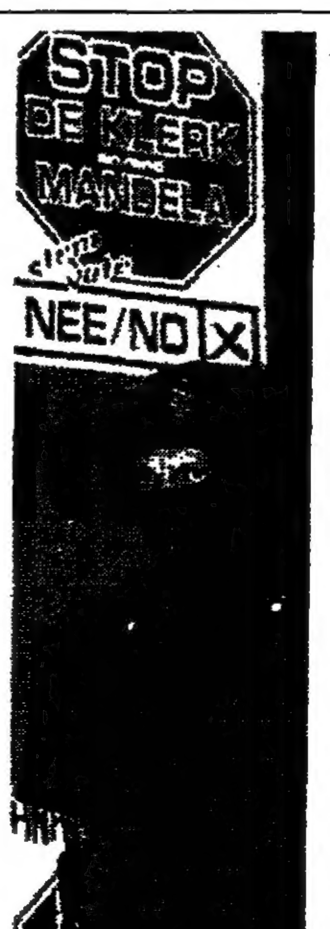
As he strolled through the Liberty Centre shopping mall in Welkom, crowds pressed forward to shake his hand - but most of them were black.

A handful of right-wing demonstrators clad in the khaki uniform of the neo-Nazi Afrikaner Resistance Movement donned masks depicting Mr de Klerk and Mr Nelson Mandela, of the African National Congress, and paraded through the mall arm-in-arm.

Mr de Klerk has long rebuffed the claim that he is in alliance with Mr Mandela and his colleagues in the ANC, some of them communist. But many white South Africans worry nonetheless, about their obviously close relations.

Mr de Klerk urged the shoppers to give him a chance to solve the racial conflict which has beset South Africa throughout its history. He asked for a landslide victory, not just a simple majority.

He may yet get it, but the danger is that a low turnout and a small majority could leave the issue unresolved – and further weaken Mr de Klerk's hand.



A member of the Afrikaner Resistance Movement (AWB) stands beside a 'no' vote poster during a right-wing meeting in Potgietersrus, northern South Africa, yesterday. At least 80 per cent of voters in the area are expected to vote no and demand separate states for whites and blacks

Struggle to ease plight of South Africa's poor whites

Poverty is not confined to blacks, writes Patti Waldmeir

ON ANY weekday, there is a queue of the dejected and hopeless, the hungry and frightened, at Werk en Oorleef (Work and Survive), a small charity shop in a suburb of the South African capital, Pretoria.

Werk en Oorleef feeds 5,000 families every day on meagre rations of maize meal and soup powder: every one of the recipients is white.

They sit or stand, pick listlessly through the shop's collection of scuffed children's shoes and stained Babygros, and suffer the shame of the poor white in a nation where poverty has been largely a black affair.

Indeed, apartheid was designed to save the Afrikaner from this indignity: blacks were barred from competing for white jobs, hundreds of thousands of whites were employed by the state, large sums were spent on white education to uplift the Afrikaner.

But these are the people who fell through apartheid's net: some 80,000 to 100,000 of them are fed every day by Operation Hunger, a charity which also provides food for 1.7m blacks. They are the victims of South Africa's economic recession, itself partly the result of politically inspired sanctions.

"They give everything to the native. They give everything to Mandela. We get nothing," says Mr Emmanuel Roux, a 59-year-old supplicant.

He knows how to vote in next week's whites-only referendum on apartheid. He will vote against the government, which repealed laws reserving jobs for whites; he will vote against ending apartheid; he will vote against the rise of a black government, which he is certain would be neither able nor willing to improve his lot.

Mr Roux and his wife Magda are scarcely typical of the Werk en Oorleef queue. He has a bright eye and an easy chuckle, and proudly displays his pregnant wife, 33 years his junior, who will soon bear him his fifth child. Magda may be a picture of poverty, in her shapeless dress and heavy black ankle boots, her womb swollen with another young burden. But her face is unmarked by worrying about the high blood pressure which keeps her husband from work and the ordeal of living in a house with no electricity or running water, feeding her children on 2kg soup powder, 12.5kg maize meal, 1kg sugar and a tin of jam per month.

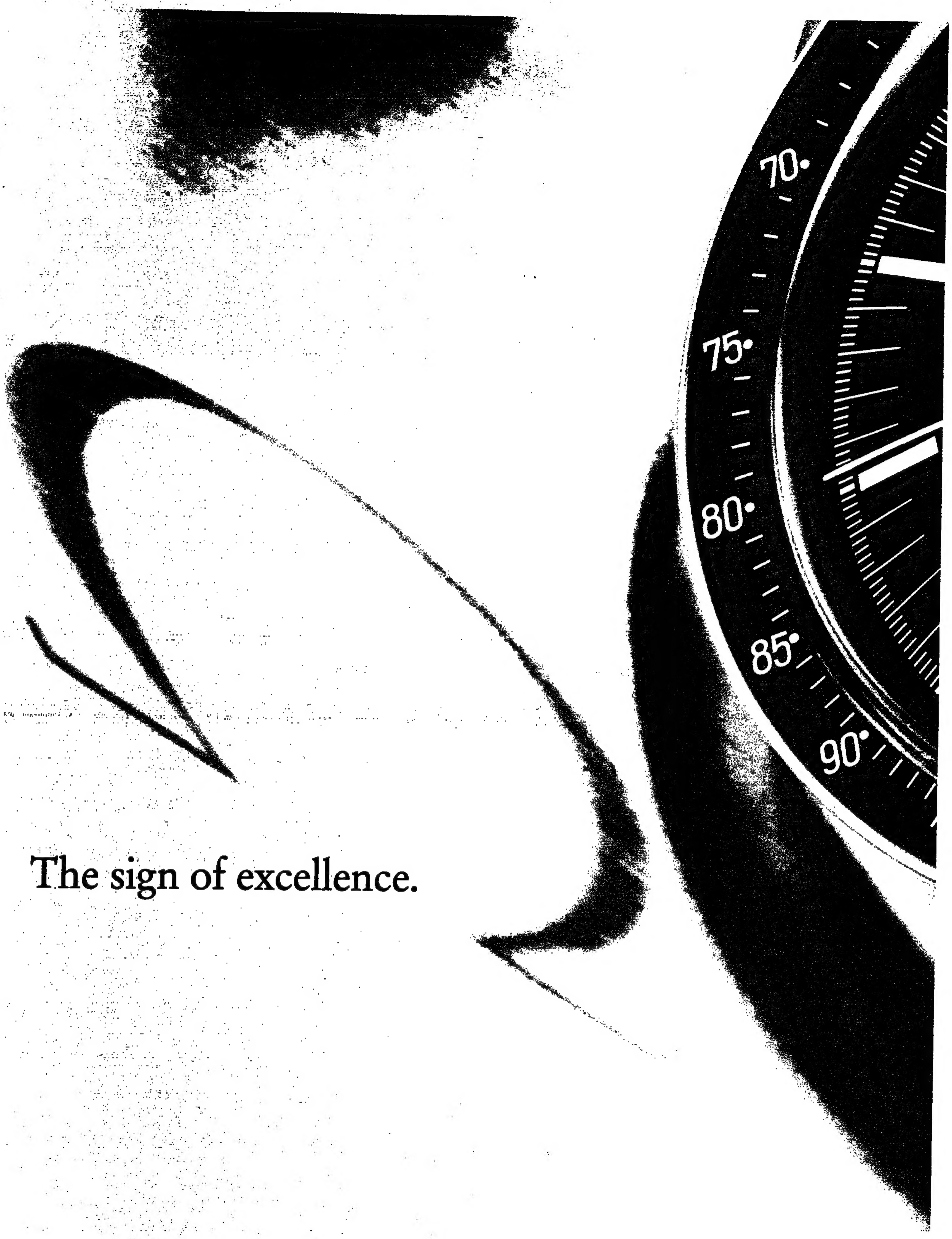
The face of Caroline Ellis, 26, tells a different story: her eyelids droop under the weight of cheap makeup and dejection. Hers is the story of a broken marriage and a child lost to the welfare authorities. Her common-law husband, Eddie Joubert, 22, earns just R500 (about £100) a month. The rent of their flat is R450.

Kobus van Staden, 24, and his young wife Cathy, 22, are far worse off. He glowers at the world, more out of pain than anger. He was a shift boss in the Free State Goldfields, earning R3,000 a month, but, just before Christmas, he was made redundant, like tens of thousands of other miners, white and black. The Van Stadens lost their home and had to sell all of their furniture except their bed. They live "somewhere in the bush", in an outside room on a remote farm. Candles are their only light; they cook on a primus stove. Cathy weeps as she tells of how she lost their only child during pregnancy.

Mrs Kleintjie Pereira, the shop's distraught director, says she can no longer cope with the influx of poor whites, victims of a recession which has also left half the black population unemployed or underemployed. "Our people are very proud," she says. "They don't want to beg for food.

But, for most of her clients, the shop is their only lifeline. They come to her for jobs; she places them in jobs vacated by blacks who participate in political stayaways, or in odd jobs – what used to be known as "kaffir work".

Mrs Pereira fears that, whichever way the ballot goes, few of her patrons will be able to escape from the cycle which traps them: "We've got to stand together and help these people. Otherwise the kids will fall into the same old cycle. They'll leave school early. They don't get enough to eat, so they can't study. They won't develop. If we don't do something, we're going to have a dumb South Africa."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Super Tuesday test for Democrats and Republicans

Presidential front-runners eager to convince today

BY all logic, Governor Bill Clinton of Arkansas, a Democrat, and Mr George Bush, a Republican and the president, should be smiling tonight. They ought to win most – in Mr Bush's case all – the 11 Democratic primaries and caucuses and eight Republican primaries that mark the heaviest day yet in election year, now known universally as Super Tuesday.

But elections are not only about simple winners and losers. Especially in the long primary season, expectations count a lot, which means that for both front-runners anything less than a series of convincing victories will be instantly, and perhaps correctly, interpreted as signs of continuing vulnerability. Super Tuesday, therefore, carries risks as well as rewards.

Mr Bush's problem, unlikely to disappear today, is with the third of Republican voters who decline to support him in primaries. He has campaigned heavily in the last two weeks, dispensing presidential largesse almost everywhere he has been, and is unlikely to *lose a single state. His lead in* the delegate count is already overwhelming and he will take almost all the 421 more to be allocated today.

But he could still be embarrassed by Mr Pat Buchanan in the south, for example in Louisiana, where another right-winger, former Ku Klux Klan man David Duke, a local son, is also on the ballot; in Mississippi and even in Texas, which the president calls home; and in the depressed New England states of Rhode Island and Massachusetts.

Whatever happens, Mr Buchanan has promised to keep on waging his ideological warfare, moving to Illinois and Michigan a week from today and, he says, all the way to the last primary in early June in California, where Mr Bush is not popular. Sooner or later Mr Buchanan will run out of steam and money but his continued ability to goad Mr Bush does the president's image little good. Perhaps for this reason, the president has decided for the moment to remain in the White House.

Whatever happens, Buchanan has promised more ideological warfare

On the Democratic side, the stakes for Mr Clinton are even higher today. His tactically well-planned and well-financed campaign always banked on a big Super Tuesday, with seven *of the 11 state polls being held* on his natural border and southern turf.

He might also be the principal beneficiary of the end yesterday of the campaign of Tom Harkin, the liberal Senator from Iowa. Mr Harkin yesterday studiously avoided expressing a preference for any candidate. Organised labour, Mr Harkin's bulwark, may find the centrist Mr Clinton more amenable than Mr Paul Tsongas, who favours tax breaks and incentives for business, and former California governor Jerry Brown, who attacks the political establishment, of which labour remains a part.

But Mr Clinton still has not established himself as a candidate in whom the Democratic electorate has great confidence. In part this is because of questions about his character, raised first in allegations of *marital infidelity* and draft evasion and now over his financial relationship as governor with an Arkansas real estate developer. It also reflects the fact that the Democratic race has become much nastier.

Mr Tsongas reflected over the weekend that he did not really like negative political advertising but that has not stopped him attacking Mr Clinton, and vice versa, and it *certainly has not stopped Mr* Brown going for both, but especially Mr Clinton, indiscriminately.

Four years ago, Super Tuesday produced four separate Democratic winners. This time, most of the 11 races appear to be between Mr Clinton and Mr Tsongas, but the one which is a real litmus test for Mr Clinton's credibility is Florida. He can afford losses in Massachusetts, Rhode Island and Delaware and knows that in several other states Mr Tsongas has barely campaigned, including Texas, which has most delegates at stake.

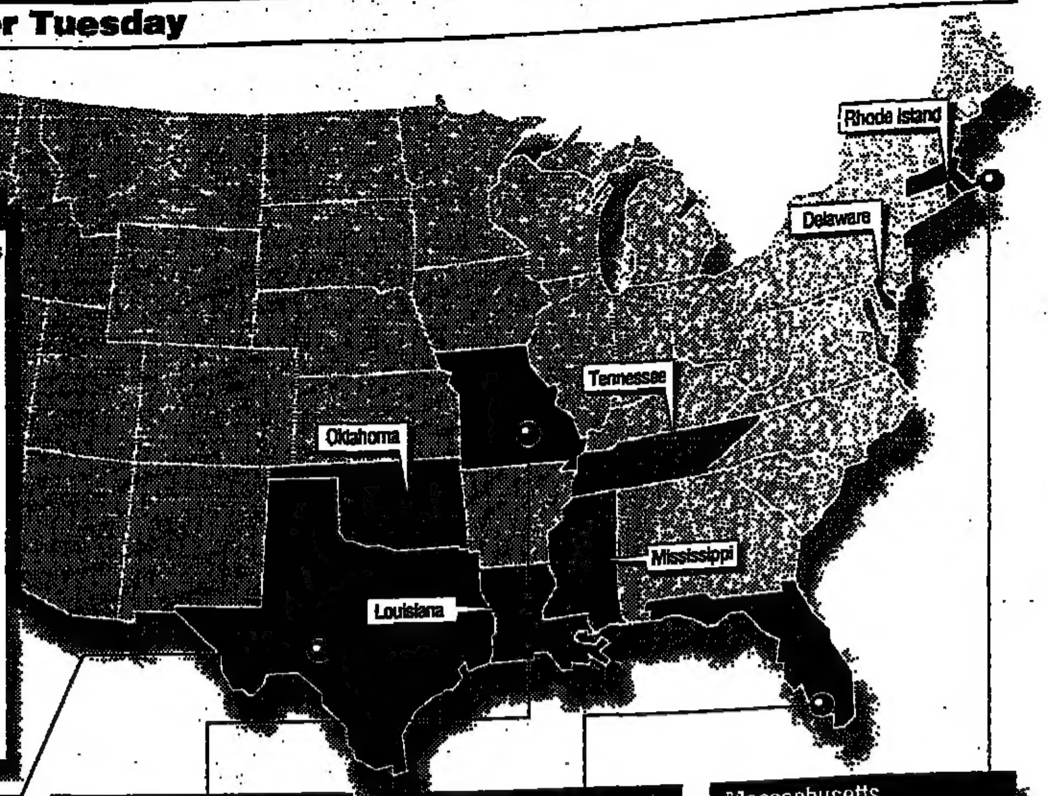
But Florida, an ethnic and economic potpourri of Californian dimensions, now conforms to no stereotype and the Tsongas appeal to the better-educated white and hispanic middle classes could offset the clear Clinton advantage in money and organisation in the state. It is worth recalling that another Greek from Massachusetts, Mr Michael Dukakis, achieved a critical primary victory there in 1988.

A loss in Florida, or even a narrow victory, would not knock Mr Clinton off the front-runner's perch, assuming he performs to expectations elsewhere. But it would make him nervous, to put it mildly, about next week's confrontations in the big northern industrialised states of Illinois and Michigan as well as the one in New York on April 7.

For, although he already has a handy lead in the delegate count, the Democrats are also electing a considerable number who will go the convention in New York in July committed to no candidate. The prize of an assured first ballot victory at the convention remains some way off.

Jurek Martin

Super Tuesday



Convention delegates

	Number of delegates DEM	REP
Primaries		
Florida	148	97
Louisiana	60	38
Massachusetts	94	38
Mississippi	39	33
Oklahoma	45	34
Rhode Island	22	15
Tennessee	68	45
Texas	196	121
Caucuses		
Delaware	14	–
Hawaii	20	–
Missouri	77	–
Sub total	783	421
Total at convention	4,288	2,209

Texas

Population: 17.0m
Ethnic composition: 75% white; 12% black; 2% Asian; 26% Hispanic*
Unemployment rate: 1988: 7.3%; Jan 1992: 7.8%
Bankruptcies: 1988: 41,849; 1991: 47,565 (+14%)
1988 Presidential vote: Republican: 56%; Democrat: 43%

Missouri

Population: 5.1m
Ethnic composition: 88% white; 11% black; 1% Asian; 1% Hispanic*
Unemployment rate: 1988: 5.7%; Dec 1991: 5.9%
Bankruptcies: 1988: 11,328; 1991: 18,735 (+65%)
1988 Presidential vote: Republican: 52%; Democrat: 48%

Florida

Population: 12.9m
Ethnic composition: 83% white; 14% black; 1% Asian; 12% Hispanic*
Unemployment rate: 1988: 5.5%; Jan 1992: 8.7%
Bankruptcies: 1988: 21,989; 1991: 49,127 (+123%)
1988 Presidential vote: Republican: 61%; Democrat: 39%

Massachusetts

Population: 6.0m
Ethnic composition: 90% white; 5% black; 2% Asian; 5% Hispanic*
Unemployment rate: 1988: 3.3%; Jan 1992: 7.9%
Bankruptcies: 1988: 3,419; 1991: 14,476 (+323%)
1988 Presidential vote: Republican: 45%; Democrat: 53%

*Persons of Hispanic origin may be of any race. Sources: Bureau of the Census; Bureau of Labor Statistics; American Bankruptcy Institute; Congressional Quarterly

Bush sure of his prize in 'home state' of Texas

PRESIDENT George Bush has *not even bothered to campaign* in his adopted home state of Texas in the past 10 days, so sure he is of a convincing win.

The campaign of the right-wing Republican challenger, Mr Patrick Buchanan, who originally made Texas a target state, says that "25-30 per cent would be a major victory". This would be less, for example, than the uncommitted vote in South Dakota, when Mr Bush ran unopposed.

Among the Democrats, Arkansas Governor Bill Clinton's campaign has been up and running in Texas since December, and is far better organised than that of his chief rival, former Massachusetts senator Paul Tsongas.

Mr Clinton's populist style goes down well in Texas, and he has portrayed Mr Tsongas as an out-of-touch north-easterner, the "Wall Street" candidate.

President Bush, says Mr Arnie Vedlitz, a political scientist at the Texas A&M University, will probably suffer less in Texas from the protest vote that has hurt his campaign in the rest of the country.

The president, whose legal residence is in Houston, Texas, has close ties with the local Republican party, and, notes Mr Vedtz, "conservative Republicans do not feel alienated here, because they have not been shut out of the system".

Mr Buchanan's resort to racist themes has not gone down well in a state where around 40 per cent of the population are black or Hispanic, and where immigration has long been accepted by both Democratic and Republican parties. Republicans in Texas are, for example, opposed to making English the official language, and like most Texans, are enthusiastic supporters of the proposed Mexico-US free trade pact – which Mr Buchanan has railed against.

However, conservative Texans are still smarting from the president's U-turn on taxes, and the poor state of the economy. But here again, Mr Bush *is likely to fare a little better* than in the rest of the country. Texas's recession started much earlier than in the rest of the US, and recovery of sorts is on the way.

The stakes for Mr Clinton in Texas are high, since he is *overwhelming favoured to win.* In the latest opinion poll, Mr Clinton scored 41 per cent against 18 per cent for Mr Tsongas. As Walter Dean Burnham, a political scientist at the University of Austin says: "If he fails in Texas that will be the end of him."

Mr Clinton, from neighbouring Arkansas state, is by far the richest Democratic candidate, with his campaign team saying it hopes to have raised $1m in the state (when final figures are out). Mr Tsongas has found it very difficult to raise his visibility in a state where two months ago he was unknown and where it is expensive to make any impact in the highly diverse media market.

Mr Clinton's position to the left of Mr Tsongas will help in a state where Democratic primary voters are now mainly minorities, union supporters, or traditional liberals.

Mr Clinton has been backed by the 95,000-strong Texas state teachers association, the governing body of the state Democratic party, Mexican-American organisations, the state land commissioner and several prominent unions. It was the ability to attract these sorts of endorsements that helped Mr Michael Dukakis sweep the Texas primary four years ago.

The character issue may haunt Mr Clinton down the road – if he gets that far – but for Texas Democrat primary voters it has made little impact, with no significant drop in Mr Clinton's support between January and February. Texan Democrats are generally tolerant of personal vices.

Mr Tsongas is thus playing an expectations game, with a campaign spokesman saying the candidate is hoping for a strong second place, aided by likely support from well-off suburban voters in the Austin area. He opened up his office in Austin only two weeks ago, and the first night had to work by candlelight, thanks to a lack of electricity. "We don't *have the organisation of the* leading candidate" admits a spokesman, "but we are relying on personal character and the message".

Damian Fraser

Robins returning to the president's lawn

WHEN INCUMBENT President Jimmy Carter lost the 1980 election, the Misery Index – the sum of inflation and unemployment – had reached almost 20 per cent. It is now hovering around 10 per cent, suggesting that President George Bush has a much greater chance of retaining power in November.

Mr Bush's campaign managers, however, would be the first to admit that the economy is a headache. On some measures, consumer confidence is languishing at its lowest level for 17 years.

Real per capita incomes have not grown since Mr Bush was elected. Perhaps the most fertile source of economic discontent is a growing awareness that top earners creamed off much of the increase in national income during the past decade.

Figures from the Congressional Budget Office show that the bottom four-fifths of the population received a meagre 6 per cent of the total increase in post-tax incomes between 1977 and 1989.

The Bush team also must contend with a business cycle that has stubbornly defied its predictions. A year ago, Mr Michael Boskin, the president's chief economic adviser, was confidently forecasting a sustained recovery beginning last spring.

By now the economy was supposed to be growing at an annual rate of 3-4 per cent, giving voters renewed confidence in Republican economic management. Instead the recovery fizzled out last August, leaving the economy becalmed for two quarters.

The good news, in the memorable words of Mr Nicholas Brady, Treasury Secretary, is that robins are back on the lawn again. Signs of recovery have proliferated in recent weeks.

The most unexpected was last Friday's much better than expected employment report. Employment surged by 164,000 last month, compared with analysts' expectations of a gain of 10,000. Some of the gain was doubtful: the increase of 133,000 jobs in retailing may reflect faulty adjustments. Nevertheless, the overall increase in jobs – and in hours worked – suggests *incomes and production are* rising.

The employment jump followed a surge in the Purchasing Managers' Index, a reliable barometer of industrial health. The index seems to have broken decisively through the 50 per cent level, which is the threshold for an expanding manufacturing economy. A broad leading employment index compiled by economists at Columbia University also rose sharply last month. The Commerce Department's composite index of leading indicators was up noticeably in January, after falling in the previous two months.

Some recovery expected but it could still prove feeble

Residential housing has shown definite signs of improvement.

New home sales rose 12.9 per cent in January to an annual rate of 622,000, the highest level for nearly two years. Boosted by lower mortgage rates, home sales are running *about 20 per cent higher than* last summer. Housing starts and building permits are also up significantly.

The evidence of recovery in other sectors is more tentative. Retail sales rose 0.6 per cent in January and were revised up in previous months.

Encouraging reports from department stores suggest another increase last month. Car sales seemed to be improving early in February but lost momentum towards the end of the month.

Many analysts are also cheered by more rapid growth of the money supply. Bank reserves and M1, the narrowest measure of money, are growing at double-digit rates. More important, M2, a broader aggregate that has a closer historical relationship with economic activity, has moved toward the centre of its 2.5-6.5 per cent target range.

These are encouraging signs. But there are many reasons to fear that any recovery will be lacklustre. The Federal Reserve is especially agitated by the fragility of confidence in the bond market – probably a reflection of deteriorating fiscal trends. In spite of falling inflation, long bond yields *have risen since early January* and are again only a whisker below 8 per cent.

This has led to a fresh upward move in mortgage rates which is choking off the housing recovery – which, in any case, is much less robust than usual because of chronic overbuilding of offices, hotels and residential apartment blocks.

Consumer fundamentals are also poor. Savings rates and confidence are low. Incomes are static. Debt burdens are still at historically high levels. Unlike in previous recessions, there will be no big lift from a loosening of fiscal policy. If tax cuts are agreed this year – which is still doubtful – they will be minuscule.

The bottom line is that Mr Bush can probably reckon on a weak recovery in the second half of this year, with gross domestic product growing at an annual rate of 2-3 per cent. But such a recovery could fizzle out as happened last year. Even if it does not, it may seem feeble to an electorate reared on post-war recoveries that typically saw growth spurts of 6 per cent or more. The economic signs are thus positive but not sufficiently so *to prevent the leading Demo*crats from capitalising on recent disappointments.

Michael Prowse

Leading Democrats jockey for advantage in Florida

GOVERNOR Bill Clinton of Arkansas and former Senator Paul Tsongas of Massachusetts both wrapped up their Super Tuesday campaigning in Florida yesterday with a final bid to win votes in this patchwork state that has become the crucial battleground for today's 11 state contest.

While Mr Tsongas is expected to win in his home state of Massachusetts and in neighbouring Rhode Island, the day will belong to Mr Clinton, who appears assured of the lion's share of the votes in Louisiana, Mississippi, Missouri, Oklahoma – where Mr Tsongas's *campaign failed to get his* name on the ballot – Tennessee and Texas.

Only in Florida are the two competing flat out, though Mr Clinton holds the advantage.

"If Tsongas can win Florida I think he can come away and claim victory, even if Clinton wins everywhere else," said Dr Darryl Paulson, a political scientist at the University of South Florida in Saint Petersburg.

Florida's size and diversity prompt campaign difficulties. "More than almost any other state Florida is a media state, because it is 750 miles from one end to the other. You just can't compete effectively without using television," said Dr Paulson.

In the south, but not of the south, Florida's economy has suffered severely in the current recession.

Unemployment is up to 8.7 per cent, compared with 5.5 per cent four years ago.

Tourism, a mainstay of the state's economy, suffered its sharpest downturn last year since the 1972 oil crisis, with the number of visitors dropping 4 per cent to 39.3m. The real estate and construction industry is blighted.

"Floridians have come to expect a fairly robust and dynamic economy. This is the most severe recession in Florida in a generation," said Mr Dominic Calabro, president of Florida TaxWatch, an independent research and public interest organisation.

Mr Clinton started his Florida campaign early, winning a December straw poll of Democratic party delegates and building up a solid organisation, backed by local leaders such as Lieutenant Governor Buddy MacKay and Senator Bob Graham.

He is strong in the northern panhandle, adjoining Alabama, Mississippi and Georgia, and has worked to build support in south Florida, with appeals to retired and Jewish voters in the "gold coast" from Miami to Palm Beach.

Mr Tsongas has campaigned more in central Florida, focusing on cities such as Tampa and Orlando.

He has recent history on his side – another Massachusetts politician, Governor Michael Dukakis, won Florida's primary in 1988 – and has an edge with the many transplanted north-easterners in the electorate.

He is also favoured by the generally well off and welleducated electorate – a type of voter to whom he has appealed most in other states.

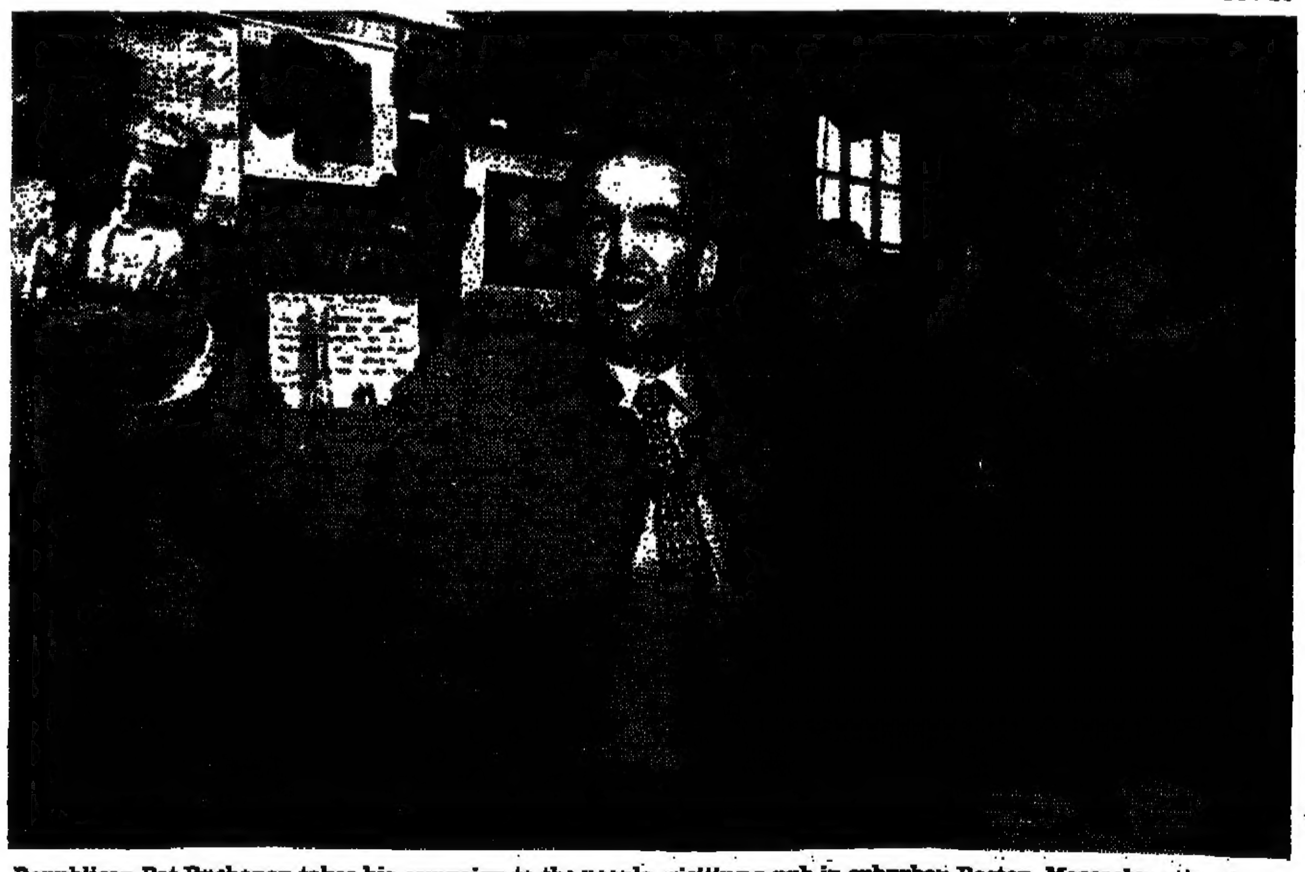
Mr Tsongas has won endorsements over the last weekend from most of Florida's main newspapers. In addition, black voters, who have in other states voted overwhelmingly for Governor Clinton, make up a smaller proportion of the electorate than in any other southern state.

But Mr Tsongas will not have the support of crossover Republican voters that has boosted him in some other primaries: unlike states such as South Carolina, where voters may choose to vote in either party's primary, Florida's ballot is open only to registered Democrats.

Both men have lashed out at each other in press conferences, campaign tracts and television advertisements. Governor Clinton has attacked Mr Tsongas's positions on social security and Israel, appealing to Florida's many retired and Jewish voters.

Mr Tsongas has hit back, accusing his rival of being willing to promise anything to win votes. He still faces an uphill struggle, however, and said he was following a "silver medal strategy" in the state.

George Graham



Republican Pat Buchanan takes his campaign to the people, visiting a pub in suburban Boston, Massachusetts

NEWS IN BRIEF

Mexican growth slows

THE Mexican economy grew by a slower-than-expected 3.6 per cent last year, compared with the government's most recent forecast of 4 per cent, Damian Fraser reports from Mexico City. The trade deficit widened to $11.18bn (£6.3bn) last year, 170 per cent higher than 1990's deficit, and substantially above recent estimates, the government said.

The slowdown in GDP growth partly reflects a sharp upward revision in 1990's figure, from a 3.9 per cent estimate to 4.4 per cent. But the government's tight fiscal and exchange-rate policy played its part. The manufacturing sector, which has grown 7.1 and 5.2 per cent in the previous two years, grew 3.7 per cent in 1991.

Church head quits

The chairman of the board of the Christian Science Church, beset by allegations including use of employee pension funds to prop up media operations, resigned yesterday, AP reports from Boston. The church put its cable TV operation up for sale. Church leaders said if no buyer could be found by June 15, the Monitor Channel would be shut.

Mr Harvey W. Wood, the church board chairman, was replaced by Virginia S. Harris, a board member. The Monitor Channel cost $250m (£142m) to launch and takes $4m a month to operate. The church acknowledged last week it had borrowed $41.5m from its employee pension fund since January 1 to underwrite The Christian Science Monitor and the Monitor Channel.

IMF chief's warning

The IMF could find itself in financial straits by the end of the year if the US Congress does not approve a quota increase, Mr Michel Camdessus, its managing director, said yesterday, Reuter reports from Tokyo.

"For the time being, we are not out of money, but at the *end of this* year we could be short," Mr Camdessus said. He expected Washington to approve an increase of about $12bn (£6.8bn) in the US commitment, but was concerned Congress had not yet acted.

Colombia setback

Colombia's governing Liberal party won an overall majority in Sunday's *local elections*, taking control of the capital, but losing several regional capitals to opposition forces, Sarita Kendall reports from Bogotá.

A priest running for the former guerrilla alliance, M-19, becomes mayor of Barranquilla, but otherwise M-19 ran third behind the Social Conservative party. The anti-corruption platform of *two former* Liberal ministers gave them a strong placing on Bogotá city council. Mr Enrique Parejo, an ex-justice minister, won the biggest vote, and can now aim for the presidency.

NY firm agrees $41m deal on S&L lawsuit

By Alan Friedman in New York

A NEW YORK law firm has agreed to pay the US government $41m and to bar two of its partners from acting for financial institutions as part of an out-of-court settlement of a $275m federal lawsuit charging that the firm withheld information from regulators about the collapsed Lincoln Savings and Loan.

The failure of the California-based Lincoln, which was run by Mr Charles Keating, cost the government $2.6bn and is considered one of the worst S&L failures in recent history.

The charges were brought only a week ago against the New York law firm of Kaye, Scholer, Fierman, Hays & Handler by the Office of Thrift Supervision (OTS), the regulator of the S&L industry.

The law firm agreed to settle the charges, without admitting any guilt, because federal officials moved to freeze the firm's assets. The OTS has now agreed to drop charges in exchange for the settlement.

The New York settlement could set an important precedent as federal officials are planning to bring a number of legal action against lawyers, accountants and S&L industry executives involved in failed institutions.

In a separate development, the Resolution Trust Corporation (RTC), the US federal agency handling much of the clean-up of America's crippled S&L industry, has brought lawsuits claiming $250m from two major accounting firms that are accused of "gross negligence" in their audits of two failed thrifts.

The RTC is seeking $150m in damages from Deloitte & Touche of Wilton, Connecticut for alleged negligence in connection with the firm's audits of the failed Otero Savings and Loan Association of Colorado.

The RTC charges that Deloitte's audits of Otero between 1983 and 1988 resulted in losses of $150m.

The RTC has also filed a complaint against KPMG Peat Marwick of New York, seeking more than $100m of damages resulting from the firm's audits of the failed Hill Financial Savings Association of Pennsylvania.

The RTC action against Peat Marwick charges the firm with negligence, negligent misrepresentation and breach of contract.

The 1989 failure of Otero cost US taxpayers an estimated $195m; while the failure of Hill Financial carried a taxpayer cost of $988m.

Haiti: a theatre of the absurd

By Canute James

IN the confusion spawned by the compromise intended to return constitutional government and ousted President Jean-Bertrand Aristide to Haiti, there are a few things that are clear.

One is that the agreement as it is, even if it results in Mr Aristide's physical presence in Haiti, will not achieve its objective.

In a weekend statement, widely held to be at the instigation of the military which effectively runs the country, Mr Joseph Norette, the army-appointed president, said he will not step aside for Mr Aristide, and that Haiti's constitution demands that he hands over to a newly elected president. Legislators opposed to Mr Aristide have blocked the ratification of the conditions for his return.

By any measure, the agreement is flawed, but it could even realise the opposite of its intended end by formalising the coup which overthrew Mr Aristide, leaving the Caribbean state under the effective control of the military and the president with only the trappings of power.

The agreement proposes that:

- the Haitian legislature ratify the appointment of Mr Rene Theodore as prime minister;
- Mr Aristide and the prime minister meet fortnightly to assess the progress of efforts to create a climate for the president's return;
- an amnesty be granted to all involved in the coup;
- all decisions taken by the Haitian legislature be honoured;
- the Organisation of American States (OAS) lift a trade embargo on Haiti.

The pact does have some value, although not directly to Haiti.

Since the coup at the end of September, when Mr Aristide was sent into exile, the OAS has been working for Mr Aristide's return. It imposed a trade embargo and sought, with little success, to force the military backed government to accept the former president.

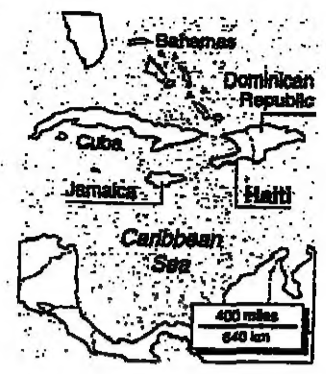
The embargo was a failure. While it effectively killed Haiti's fledgling light industrial sector by forcing factories to close, sporadic shipments of fuel – with which some OAS members were linked – kept the country going. More significant was the increased volume of trade across the border with the Dominican Republic, and from which the Dominican military made fat profits. Brokering this latest agreement has allowed the OAS to save face.

It has also been of some assistance to the US which, at times, appeared to waver in its support for Mr Aristide, and was being attacked for its decision to return thousands of Haitians seeking asylum.

The pact could give the impression that the situation in Haiti will soon be normal, and that there is, consequently, little reason for Haitians to flee.

Mr Aristide has not helped by fomenting confusion over one of the more sensitive aspects of the compromise.

As far as Haitian legislators and Mr Theodore are concerned, the agreement with Mr



Aristide protects the current status of the military leaders, allowing an amnesty for all involved in the coup, except for "common criminals".

Yet Mr Aristide has subsequently argued that General Raoul Cedras, the leader of the military, will be punished for his part in the affair.

The president has promised, however, that Gen Cedras will be given a chance to present arguments "as to why his punishment should be lessened".

All this is unlikely to mollify an army which, at heart, does not want Mr Aristide to return, and which wishes to hang on to effective control of the country and resume its highly lucrative activities such as the transhipment of narcotics from South America to North America.

Mr Aristide's mere presence in the presidential palace would not effectively alter Gen Cedras' control of the country and the likely crusades by the president's supporters to redress the situation will have a bloody end.

This explains the value – to the OAS, to Haiti's legislators and to Gen Cedras, but not to Mr Aristide – in the open-ended clause concerning the timing of the president's return. Clearly, he cannot return in a climate of tension and uncertainty, and with the military objecting.

According to Mr Jean Casimir, Haiti's ambassador to the US, an immediate return by Mr Aristide would be "suicidal".

Mr Michel Francois, the police chief who operates with apparent independence from the military (the police is commanded by the military) has already let it be known that he would be unhappy with Mr Aristide's reoccupation of the presidential palace.

It is not inconceivable that a few well-timed incidents could indefinitely delay Mr Aristide's return.

Aware, perhaps, that he and the army which overthrew him cannot live in the same house, Mr Aristide may now be rethinking that part of the agreement which promises to leave Gen Cedras and his lieutenants untouched. Yet the army will not voluntarily concede to a man who has said that its leaders must be punished.

While inside or outside of Haiti, the president and the current military leaders will continue at daggers drawn.

Respecting the decisions of the parliament taken in his absence – including the wholesale release at Christmas of members of the "tontons macoute", the feared praetorian guard of the Duvalier dynasty which was overthrown in a popular revolt six years ago – could leave Mr Aristide in a theatre of the absurd.

President Aristide: remains at daggers drawn with the military leaders who overthrew him in September

Pérez package casts doubt on economic reform

THE package of political, economic and social initiatives announced last week by Venezuelan President Carlos Andrés Pérez, has raised serious questions about the future of his unpopular economic reform programme, writes Joseph Mann from Caracas.

President Pérez last Thursday disclosed a broad range of initiatives aimed at raising general support for his administration and at stemming the attacks from political foes, including members of his own political party.

The most important of these initiatives were:

- a return to price controls on a limited number of items, such as petrol, electricity, pharmaceuticals, and a small basket of basic foods;
- new or accelerated programmes in housing, transportation, health and education;
- institution of a luxury tax, a new tax on corporate assets and other fiscal measures;
- pledges to install a constituent assembly that would effect major constitutional reforms and choose a "cabinet of national unity";
- reforms aimed at reducing corruption, including the replacement of five Supreme Court justices, bills to reform the legal system and the threat of extraditing major figures charged with corrupt practices; and,
- a series of financial system reforms.

These initiatives were based on the recommendations of a special commission charged with finding solutions to the current political crisis.

Investors are worried that new members of the proposed "national unity" cabinet – likely to include opposition and independent figures – will savage the economic reforms put into effect three years ago, despite Mr Pérez's repeated pledges to the contrary.

So far, the president's March 5 message has produced only a few concrete results. The head of the Supreme Court announced he was retiring, and the Minister of Justice, in office for only eight days, resigned indignantly, asserting she had not been consulted on proposed legal reforms.

Members of both mainstream parties, the president's Democratic Action (AD) party and the opposition Christian Democrats, began criticising the idea of a constituent assembly.

Moreover, Mr Perez's pledge to pursue allegedly corrupt figures in and outside Venezuela put him sharply at odds with a powerful group within his own party, which fears that important figures from the last administration, including ex-President Jaime Lusinchi, could face public charges.

Peru to sell off state airline

By Sally Bowen in Lima

PERUVIAN state airline Aeroperu will be sold to the private sector within the next 60 days, according to an announcement on Sunday by Copri, the privatisation commission.

A further 13 wholly or partially state-owned companies will also be privatised in the same period.

These include the chain of filling stations owned by Petroperu, liquid gas company Solgas, the Conchan oil refinery, Petrolera Transoceanica and the El Pacifico chemical company.

The state will also sell its entire holdings in the local Bayer chemical company and in Cementos Lima.

Companies are to be sold either through the Lima stock exchange or by public auction.

Copri emphasises that the procedure will be public, transparent and honest.

The government also announced the forthcoming privatisation of Petroleos del Mar (Petromar).

Petromar was formed to exploit the oilfields formerly belonging to US-owned Belco after its 1986 expropriation.

The government of President Alberto Fujimori recently reached a settlement with Belco's insurers, American Insurance Group, over a long-standing claim.

Revenue from the Petromar privatisation will be used in part compensation.

Tension grows at Westminster over election

By Ivo Dawnay and Peter Norman

CONTINUED campaigning fuelled political tension at Westminster yesterday as MPs waited for today's Budget to end the "phoney war" and mark the opening of a full-blown general election campaign.

After the regular pre-budget session of the cabinet today, Mr John Major, the prime minister, is expected to tell his colleagues that he has opted for a general election on April 9.

In recent days, however, the more extravagant expectations of a massive pre-election give-away have been replaced by forecasts that Mr Norman Lamont, chancellor of the exchequer, will announce a balanced package with a net tax reduction of no more than £3bn in 1992-93. The aim will be to appeal to a broad cross section of voters while presenting the Budget as one for economic recovery.

A one pence cut in the basic rate of income tax from 25 pence is expected to be at the heart of Mr Lamont's second Budget. The chancellor is also thought to be planning to increase the thresholds before which income tax takes effect by more than the statutory 4.5 per cent indexation to help lower paid taxpayers.

Lowering the basic rate by 1p would cost the Treasury £1.95bn while each percentage point increase in all income tax allowances and thresholds in addition to indexation would cost about £245m. That means the chancellor will be looking to recoup revenue elsewhere if, as expected, he is also to help industry and small businesses weather the recession.

The government, meanwhile, announced more spending measures yesterday including some £760m for road building and a further £480m for road repairs - the largest repair budget ever. Officials insisted that these plans had been accounted for in last November's Autumn Statement on public spending.

Yesterday, financial markets waited calmly for the Budget. Equities advanced, with the FT-SE 100 index closing at 2,2550.7, up 17.6. But trading volumes were subdued.

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NatWest seeks Blue Arrow inquiry

By Robert Peston

NATIONAL Westminster Bank, one of Britain's main clearing banks, last night made a highly unusual request that the Department of Trade and Industry should reopen its investigation into the bank's role in the 1987 Blue Arrow share issue.

Lord Alexander, NatWest chairman, said he wanted a new DTI inquiry into allegations, made last week in The Economist magazine, that the bank and its chief executive, Mr Tom Frost, "misled the DTI Inspectors [in the original investigation] and...deliberately concealed from them contemporaneous documents".

He made the request in a letter to Mr Peter Lilley, the Trade Secretary. A DTI official said it was too early to say whether his department would decide to reopen the case.

Lord Alexander said his bank found it "difficult publicly to refute the allegations in detail". There are a number of court cases pending on the Blue Arrow affair and the bank has been advised that "the doctrine of contempt of court makes it inadvisable for us to argue the facts publicly".

When the DTI's original report was published, in July 1989, Lord Boardman, the then chairman of NatWest, and three executive directors resigned. They went after the bank was criticised for failing for several months to disclose that it had acquired a huge exposure to Blue Arrow in September 1987, following the refusal of Blue Arrow's shareholders to take up all their rights to new shares.

Lord Alexander: finding it 'difficult to refute allegations in detail'

The DTI report implied that Mr Frost was less implicated in the affair than these other directors so he stayed on.

Mr Frost said yesterday that he "utterly rejected" suggestions that he "knew more about the events concerning Blue Arrow in 1987 and 1988 than was disclosed to the DTI".

Allegations that Mr Frost had concealed information from the DTI inspectors were first made during the initial Blue Arrow trial, in June 1991. The barrister acting for one of the defendants, Mr Jonathan Cohen, said then that a draft memo on the history of NatWest's involvement in the Blue Arrow deal, containing handwritten notes made by Mr Frost, had not been submitted to the DTI inspectors.

In that trial, UBS Phillips & Drew Securities, NatWest Investment Bank, County NatWest and seven individuals were accused of conspiring to mislead the stock market over the £837m Blue Arrow share issue. Three former County employees and one former P&D employee were convicted, but the firms and the other individuals were acquitted.

Three trust ports sold for more than £77m

By Richard Tomkins and Ivor Owen

Three of Britain's biggest trust ports – Tilbury, Medway and Clyde – are to be sold to their managers and employees for a total of £77.7m, Mr Malcolm Rifkind, the transport secretary, announced yesterday.

But Mr John Prescott, the opposition transport spokesman, warned that an incoming Labour government could overthrow the decision to privatise these and other ports formerly run by self-governing trusts.

The privatisation of the three ports follows the sale of Tees & Hartlepool – the first trust port to be privatised – to a consortium called Teesside Holdings for £180m.

That sale provoked uproar because the port went neither to its managers or employees, who had expected preference in the sale, nor to the highest bidder - Maritime Transport Services, operator of the Thamesport container terminal in Kent.

Yesterday Mr Rifkind emphasised that the management/employee buy-out teams had been the highest bidders for all three ports now being sold. The buy-out team at Tilbury is acquiring Britain's biggest cargo port for £32m.

Proceeds of the Medway and Clyde sales will be split between the government and the ports, so the buyers will get half their money back.

Lenders face calls for tough credit law

By David Barchard

TOUGHER LEGISLATION on the marketing of credit to deter banks and building societies from encouraging reckless borrowing was called for by a cross-party committee of MPs yesterday.

The Treasury and Civil Service Committee said proposals by the Department of Trade and Industry for new laws on credit marketing should not be abandoned simply because the banks had introduced codes of practice.

The committee also expressed concern at the continuing significant use of junk mail urging individuals to borrow.

Good Banking, the code published by the banks and consumers groups last year and due to come into operation next week, is a step in the right direction, says the report, but banks and building societies must be willing to accept revisions reflecting the wishes of customers.

The committee recommends that banks and building societies should:

- stipulate maximum periods for holding funds before they are cleared for payment.
- consider how customers could be given details of cleared balances in their accounts.
- give customers the right to pre-notification of account charges.
- inform customers of the standard of care expected from them when they hold credit cards.

The committee repeats its warning to lenders not to encourage customers to borrow against the value of their home over and above their mortgage and to stick to prudent limits on borrowing.

The MPs say building societies should support money advice centres more generously and lenders should try to ensure that adequate money advice services are available wherever they are needed, rather than concentrated in a few large cities.

The committee also says there is a danger that even if the banks' capital ratios are strong enough to fund a vigorous recovery, they may be unwilling to lend to small businesses. Most of these businesses fall into a credit gap identified by the committee for those trying to raise finance between £50,000 and £250,000.

- Wary British consumers paid back more than they borrowed for the sixth consecutive month in January, as a recovery in spending continued to elude the economy.

Demand for credit shrank in the three months to January when consumers made a net repayment of £293m. This compared with a net repayment of £212m in the three months to October. In January, the latest monthly figure available, consumers made a net repayment of £62m on credit agreements with finance houses, building societies, and on bank cards.

BRITAIN IN BRIEF

MPs demand reform in power market

Immediate and wide-ranging reform of the electricity market was called for yesterday by an all-party committee of MPs, which said that privatisation of the industry had not brought any benefits for consumers.

The call for reform came from the Commons energy committee in a report entitled The Consequences of Electricity Privatisation which found that the competitive electricity market that the government promised at privatisation has not yet materialised. An important reason for this was the dominant market position of the two generators created at privatisation, National Power and PowerGen.

Insurers lose out in Europe

The British insurance industry is losing out in the European market, according to research published by Datamonitor, a London-based management consultancy.

Leading French, Swiss and German companies have increased their share of the European market, while most UK companies, have made little impact.

Datamonitor says tough regulatory regimes in many European countries have dissuaded many UK companies from expansion across the Channel.

Ulster leaders make progress

Northern Ireland leaders have pledged to try and make speedy progress towards finding an acceptable formula for governing the province. After more than four hours of talks in Belfast they issued a joint statement underlining their commitment to future inter-party talks. They also agreed to seek arrangements that would reduce tension between sectarian parties.

N-generator stops auction

Nuclear Electric, the state-owned nuclear power generator, has frozen its latest auction of long term supply contracts after being criticised by the regulator of the electricity industry for squeezing the market. Prof Stephen Littlechild, presenting his annual report, said Nuclear Electric had caused difficulties for customers by putting a very high reserve price on the two auctions it had held.

MoD promises information

The Ministry of Defence is promising to release more information to contractors about its purchasing plans and to provide more backing for the early phases of new technology projects. The initiative by Mr Alan Clark, defence procurement minister, is a bid to head off complaints from industry about the lack of support and guidance.

Survey reveals pension secrecy

Company annual reports still do not provide significant disclosure of pensions information, according to the 1991 annual survey by the actuaries William Mercer Fraser.

Only 10 per cent of the top 100 companies provide information on how pension surpluses are spread over the future working lifetime of employees.

The survey also showed that only five of a sample of 165 companies mentioned the European Court's judgment on the equalisation of pensions, which is likely to have a strong impact on payments.

Bank goes into administration

National Guardian Mortgage Corporation, a small bank and mortgage lender, has gone into administration, the latest casualty of the recession and the rising tide of bad debts.

Taxing time for software

Robin Cooke-Hurle, managing director of Taxsoft, a small software house, has a recurring nightmare before the UK's annual Budget day. The chancellor of the exchequer gets to his feet, discusses the economy and then announces a raft of new legislation giving big tax advantages to the software industry. Equally substantial changes to Taxsoft's programs will be required. Cooke-Hurle wakes in a cold sweat.

Taxsoft is one of the few companies specialising in taxation software for corporations and for personal taxation. It claims that eight of the top 10 accountancy firms use its products and that the tax departments of 20 per cent of the UK's top 500 companies are customers, giving it an 80 per cent share of the corporate tax market.

Tax software suppliers are a small, exclusive club. At the upper end of the spectrum there are only a handful of competitors including CSM, *Data Sciences and Solution 6.*

Each year, the race is to get the latest version of the software, incorporating all the Budget changes, out to clients within 24 hours of Budget day. If the new version is late, Taxsoft's customers lose competitive advantage; if it is pushed out too soon, its integrity could be compromised.

The company employs two full-time tax specialists, recruited from large companies, and about a dozen programmers. The most difficult part of the operation is finding ways for the tax experts to communicate with the programmers. "We have not solved that one yet," Cooke-Hurle muses. The company has its own language, appropriately called "T" to describe tax legislation.

Customers pay a yearly fee – which varies according to the size and complexity of the version – for the software which includes all modifications and alterations. In this election year, for example, there could be two Budgets.

But it is profitable work. With a turnover of about £2m, the gross profit margin is about 30 per cent.

Alan Cane

Ian Holdsworth describes why corporate IT departments no longer need the human touch

Computers go it alone

How would you cope if you received 40 postcards a second and had to read them all because one in 1,000 needed a reply? That's the kind of task that operators of corporate computers face every day.

Computer-generated messages from all over a company's network arrive at IT centres as fast as those postcards. The operators, surrounded by banks of monitors, do their best to sort out the messages and keep the system running.

But humans cannot react as fast as computers, and whenever they intervene it slows things down. Only in the late 1980s, with the advent of software designed to automate some of the operators' tasks, did solutions start to arrive.

Robots are now available for loading and unloading memory tapes, and schedulers for prearranging the flow of work through a computer over a period of time. Other automation products will recover failed applications or start or close the whole system in a safe and systematic way at the press of a button.

Software can also attack the gush of messages, cutting out the junk-mail and sending back standard replies. After most messages have been filtered out, the remaining ones can be displayed on a single screen as a colour-coded chart, for example. One glance can quickly show how the whole system is performing.

Another way of cutting down the messages would be to stop writing software that generates so many. Every year hardware gets faster and faster and more and more messages are spewed out by software packages that were designed for a slower environment maybe 20 years ago.

Operators have generally welcomed automation rather than seeing it as a threat. The new technology makes their job more interesting.

"Software is taking over the grunt work," says George Kurtz, an automation expert with Computer Associates, the US systems house. Computer operators are freed to become computer analysts, a more creative occupation with big benefits for the employer. "By the turn of the century I expect them to be called network engineers. Their role will develop into the management of an enterprise network."

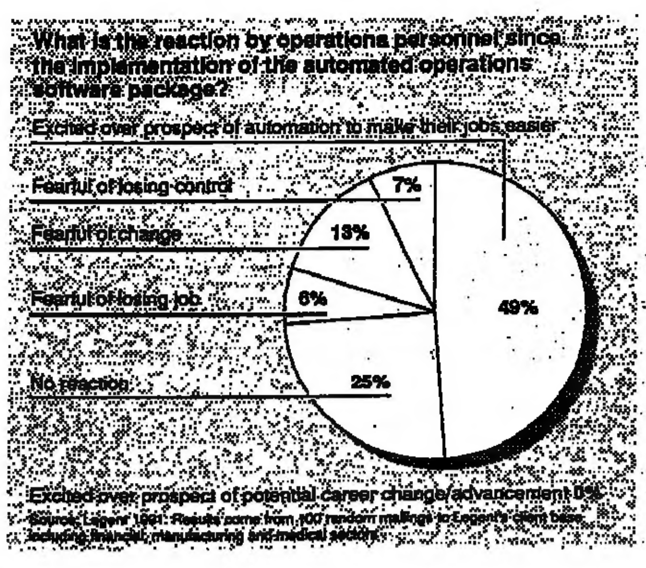
Despite its advantages, automated operations has been slow to take off. The technology, centred on IBM mainframes, is five years old, says Suzanne Nicastro, director of strategic planning with Legent, a US automation supplier.

"In the first year, people were just poking at it. Some jumped right on but others were scared off because it appeared untested or they thought it could lead to them losing their jobs. Two years ago though it was shooting up like crazy because there were more visible success stories to point to."

Since then the recession has slowed things down. "People have got distracted and they're trying to make things work that they've already invested in," says Nicastro. "But the automation market is only 35 per cent penetrated, so there's still a lot of potential there."

The threat to jobs is not as great as one might expect. US computer centres are growing at an average of 25 per cent a year in terms of computer power and workload, says Nicastro. Automated operations allows them to grow at this rate without increasing staff, she claims.

When automation products first arrived, it seemed that completely unattended or "lights-out" computer centres would be the ultimate goal. There would be no human operators – just a "babysitter" or security guard.



Source: Legent 1991. Results come from 100 random mailings to Legent's client base, including financial, manufacturing and medical sectors

Nowadays, few companies entertain ambitions of this kind. A more common aim is to run a computer centre remotely, from a PC at home perhaps, or from another building if the computer centre is on a split-site. This latter idea offers big savings for a company faced with integrating two computer sites after a merger or acquisition.

But the physical location of the nearest human expert is still of concern to many. "The idea of leaving a corporate nerve-centre totally unattended sends chills up and down my spine," says Kurtz. "The last data centre I managed would have sustained serious damage if personnel had not been on site."

Automated operations have a more wide-ranging significance, he argues. "It forces a company to sit down and rethink the way it does everything. If you want to automate the management of a company then automated operations is nothing more than the foundation on which to build."

Current products automate several different operational tasks on mainly IBM machines. But the future is about systems that work across a wide range of hardware and integrate the different automation products so that they feed each other.

Computer Associates claims to be the only company offering such a system today. Its products are designed for the company's open architecture called CA90s which embraces any kind of hardware. "Companies can't afford to build interfaces to different platforms," says Kurtz. "The only way you can solve the complexity is with an integrated system."

Such integration promises to unlock the full benefits of automation as it moves up to the higher levels of a company.

"Eventually it will be like flying an aeroplane," says Kurtz. "A jet engine has maybe 30,000 components and the pilot sits in the middle and controls it with a couple of levers. Every component is dependent on every other component. Managing a company will be like that."

SHELL UK OIL wants its staff to have direct control of the computers they use.

It is installing a voice-activated system for users who are spread across many different sites in the UK. Staff will phone the computer centre in Manchester and be guided through a digitised menu to trigger the computer programs they want. They will be able to request recorded information, cancel an application when it goes wrong, or speak to a human being, for example.

This is part of the company's move into automated operations. An automation product called OPS/MVS from Goal Systems of the US is the hub of a strategy that will move most operators away from Shell's central control room.

"Nowadays operators are not necessary for things like lifts, cashpoint machines or phone calls — all of these gave users direct control of their environment. There's no reason why the same ideas are not applicable to us," says Ian Lowe, automation project leader.

All electronic messages coming into Shell's computer from various parts of the network will be handled automatically. Only 0.2 per cent need a human reaction. These will be filtered out and relayed via BT to experts who could be based anywhere.

"We're removing the trivia from the operators' job and giving them an opportunity to get involved in more rewarding activities," says Lowe.

BOB JONES is one of his computer's best friends. Sometimes it phones him up to tell him its problems.

Jones is technical services manager at Physicians Mutual, an insurance company in Omaha, Nebraska. The company was one of the first in the US to use automated operations software and last year took a further step by introducing two new products developed by the US automation supplier Candle Corporation.

One of these, AF/Performer, monitors and tunes the computers automatically. When it was installed, it uncovered technical problems and inefficiencies that no one had noticed before. The other product, AF/Remote, allows the computer to phone someone for help if it gets into trouble.

Together, the products allow the computer to work unattended. This has allowed Physicians Mutual to end weekend shifts for computer operators and save more than $8,000 (£4,500) a year.

"If AF/Performer faces a problem, it attempts to correct it first, but if it can't, it calls out through AF/Remote to an operator with a PC," explains Jones.

AF/Performer has already saved four stoppages which would have knocked out 600 terminals and cost the company several thousand dollars. "We haven't eliminated any staff. We've redirected them from being a slave to the machine to making the machine a slave to them," says Jones.

Michelangelo makes its mark

By Louise Kehoe

TECHNICALLY SPEAKING

The cynics are having a field day. The much ballyhooed Michelangelo computer virus scare seems to have been a false alarm.

Just a couple of thousand personal computers were attacked by the virus last week, rather than the tens of thousands that had been predicted. Many are now charging that makers of "anti-virus" software, which can be used to detect and eliminate rogue computer virus programs, pulled off a massive scam with their Michelangelo virus alerts.

Sales of anti-viral software soared over the weeks approaching March 6, the date on which Michelangelo was set to attack. Some companies have clearly profited from the virus scare. But many more averted what could have been devastating losses if their data had been destroyed.

Prompted into checking their personal computers for virus infections by publicity surrounding Michelangelo, many companies, government agencies and individual computer users discovered in time that their computers were contaminated by the virus.

In offices of the State of California, for example, hundreds of infected computers were found. "I'd say we would have had serious problems if we hadn't been so worried by all the hype," the computer systems manger acknowledged.

Michelangelo is hardly the first computer virus to spread widely among computer users. It is, however, one of the most destructive to-date. While most virus programs make computers display annoying messages or send, for example, a fish floating across the screen, this one wipes out all of the data on a computer's hard disk.

Michelangelo is also the first computer virus that is known to have widely infiltrated the personal computer industry itself – the software and hardware manufacturers. That alone was cause for concern. As many as 25 US computer companies are believed to have been infected by Michelangelo. Most, but not all, detected the virus and eliminated it before it got passed on to customers.

Leading Edge, a "clone" manufacturer, Da Vinci Systems, a software publisher, and Intel, the leading manufacturer of microprocessors for personal computers, issued warnings to their customers. Others have been reluctant to admit to the problem for fear of liability law suits.

If it has done nothing else, Michelangelo has alerted the computer industry to the need for more stringent controls to ensure that virus infections, when they occur, are not inadvertently spread. Some of the biggest names in personal computer software have instituted new security procedures in the wake of the Michelangelo scare.

Did the industry cry wolf? Perhaps so, but that does not mean that there are no predators. Michelangelo has raised awareness of the potential danger that virus programs may pose and the methods that can be used to protect valuable data. There are surely many more personal computer users now than there were a week ago who have made back-up copies of their data.

This simple precaution, urged in every software manual, has been widely ignored in practice. Yet viruses are not the only cause of data loss, as anyone who has suffered the failure of a disk drive knows only too well.

And while Michelangelo itself did not live up to its reputation, there is little doubt that computer viruses are proliferating and that all personal computer users need to learn how to avoid them.

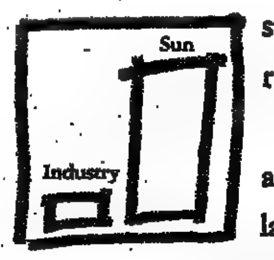
"Safe computing" has become a necessity. It is a fact of life today that any floppy disk, whatever the source, may contain a virus. Rather than dismissing Michelangelo as a hoax, we should regard it as a warning. After all, Friday the 13th is just around the corner.

Only one other 10-year-old has ever performed so well on a keyboard.

This year, Sun Microsystems® turns ten. And though some computer companies have fallen on hard times lately, we have plenty to celebrate.

Not only is Sun outperforming the biggest names in computing these days, but we've grown about five times as fast as the industry as a whole.*

Of course, we all hear about high-tech startups that enjoy a few years of giddy optimism. But growth that outstrips the industry giants for ten years running—that's unheard of.



Sun's average annual growth since 1982 has been about five times faster than the industry's.

Consequently, Sun is now counted among those giants. We're the world's largest maker of UNIX® computers, and the only major vendor that's 100 percent dedicated to open systems.

Our SPARC® chip technology is the only platform that powers compatible products ranging from notebook computers to supercomputers.

Ten years of nonstop growth has made Sun the world's largest UNIX systems company.

And the software at the heart of our Solaris® operating environment is in the hands of more than 500,000 users, making it the most popular distributed computing solution in history.

But that's all behind us. We're more excited by what's ahead. After all, Mozart may have been a prodigé at ten. But it's what he accomplished afterwards that turned the world on its ear.

sun microsystems

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Giving a boost to technology ventures

Entrepreneurs with a technology-based proposal may be failing to raise venture capital funds because they do not present their ideas to a sufficiently broad spread of potential backers.

This is the conclusion of a survey of technology oriented venture capital firms carried out by Korda, a firm specialising in venture capital technology.

Most entrepreneurs contacted only five or six of the 30 funds prepared to consider technology proposals. Entrepreneurs tended to rely on personal contacts or professional advisers to put them in touch with a fund, instead of consulting any of the directories of venture capital funds, Korda said.

Accountants and other professional advisers contacted up to 10 funds before losing interest but even they failed to exploit the full range of potential backers.

By failing to approach a large number of venture capitalists, entrepreneurs not only risk not obtaining backing.

They may well arrange a deal on less favourable terms than would otherwise be possible.

Conventional advice to entrepreneurs is that they do not approach too many venture capitalists for fear of making their proposal look "shop soiled".

But the specialist nature of technology proposals means that entrepreneurs should look as widely as possible, said Jason Loveridge of Korda.

It estimated that venture capitalists looked seriously at about 460 proposals for early stage, technology-based ventures last year with individual funds looking at only 15 each.

Seventy-five per cent of all proposals were rejected, 5 per cent won backing and 20 per cent were still undecided.

British Venture Capital Association Directory of Members from BVCA, 3 Catherine Place, London SW1E 6DX. Tel 071 233 5212. Free.

CB

The time comes to speak up and put up

Charles Batchelor looks at an array of visual aids

Most people in business can expect to have to make a presentation. It is not just salesmen and women who have to make a pitch for a customer. Solicitors and accountants wooing new clients and businessmen seeking finance have all had to hone their presentation skills.

Increasingly they are turning to visual aids – flip charts, overhead projectors, slides and videos – to put over their message. For the nervous and inexperienced, visual aids provide a useful prop while, for the more seasoned presenter, they can increase the force of the message.

Large companies will often have in-house public relations and marketing departments to help speakers, but the smaller business will usually have to go outside for professional help. This need not be prohibitively expensive, particularly if the business is prepared to do much of the preparatory work itself.

But visual aids must be handled with care. Unskilled or over-enthusiastic use can weaken the impact of your presentation and may be positively counter-productive.

Even quite basic aids, such as the marker pens used on flip-pads or white boards can be tricky, warns David Turner, a training consultant. "Speakers have been known to forget they were holding a pen and write in their ear or draw lines on their trousers."

At the other end of the scale, multi-screen slide and video presentations may sound and look impressive but are more likely to distract the audience from the presenter's message than enhance its understanding.

"People have come to expect some kind of visual aid, but beware of being too slick or too technical," says Francis Bergin, a communications training consultant. "Plan your presentation and then decide whether visual aids are necessary.

The experts suggest the following ground rules:

● Do not make excessive use of visual aids. Use them to support your presentation but not to replace it. You may not be the most charismatic of speakers, but the most interesting visual aid in the room is you.

● Don't compete with your visual aids. Introduce the subject, put up your slide or transparency, let your audience absorb the information, then take it down or switch off the projector

● Don't take your audience through the text of a visual, word by word. "Since most audiences can read, this is a complete waste of time," writes Lee Bowman in High Impact Business Presentations.*

● Don't attempt to cram in too much information. Your audience will not be able to absorb it all and may not even be able to read it from the back of the room.

● Don't use visual aids to fill in time. Few people have ever complained that a presentation was too short. Once you stop talking, the audience can start asking questions.

● Make sure you rehearse your presentation. Check that you have not positioned projectors, lecterns and chairs so that you trip over wires or block the view of your audience. Have back-up equipment available if possible.

There is a growing range of visual aids. The simplest ones can be the most effective and also the least likely to produce technical problems:

● Flip-pads and white boards are perhaps more useful in training sessions than in formal presentations, though they have a role here too. Their main disadvantage is that the presenter must turn his back on the audience to write and so may lose their attention.

Some presenters attempt to overcome this problem by standing behind the flip-pad to write but this looks unnatural and requires an unusual degree of manual dexterity.

● Ready-prepared flip boards are better if the presenter is making a set presentation. They allow the use of graphs, and diagrams in black and white or colour are simple to use and easy to transport.

● Overhead projectors. These ungainly objects are the workhorse of many presentations. You can make your own transparencies in black and white or colour but must use special coloured pens obtainable from stationers.

Unfortunately transparencies are so easy to produce that many presenters simply make copies of complex tables and detailed text. The result is excessive detail and a complete loss of graphic effect.

You are advised to have your transparencies prepared by a professional slide production company. Check the audio visual services section of Yellow Pages. The Slide House, one London-based producer of audio visuals, quotes £8 for a black on white transparency (plus VAT) with additional colours from £1.25.

● Slides can make powerful use of colour, depth and texture and are easily controlled by the speaker to suit the speed of his delivery. But slide presentations need careful preparation.

Slides, like family holiday snaps, can seduce the over-enthusiastic presenter. Keep the number of slides to a manageable level and keep them informative. Slides of company logos and "chapter" headings are a distraction.

If you have a computer capable of producing graphics, you may be able to make your own slides, but there are plenty of professional slide production companies which can do it for you.

The slide producers are used to reacting to last-minute requests and most can respond within 24 hours. But the longer you can give them to work on your presentation, the more polished it will be.

"Most people leave it up to us to put their material in an attractive format," says Malcolm Hearn, a director of The Slide House. The cost of the slides depends on the colours used and the complexity of the images, but slides involving simple text, the use of bullet points and graphs or charts would cost £15 to £25 each, plus VAT, he calculates.

● Electronic presentations. For all their versatility, slides are static. You can bring slide images to life by using electronic presentation equipment which can either feed images to a television set or be projected onto a larger screen.

Electronic image creation allows you to animate bar charts – making a bar "grow" on screen, says Martin Conradi, managing director of London-based Showcase Presentations.

Conradi puts the cost of preparing and mounting a fairly straightforward presentation at £2,500-£3,000, rising to £4,500-£5,000 for one involving more elaborate stage props.

● Videos provide the impact of a moving image but are not easily integrated into a presentation. "A video breaks up your act," says William Parkhurst in The Eloquent Executive.**

Despite the popularity of home video shows on TV, audiences are accustomed to high professional standards so a low-budget corporate presentation may look rather basic by comparison. And do not let the video run for too long. Unless you are very entertaining, the audience will soon become bored.

There is a wide choice of video companies if you decide to farm production out to a professional. Costs vary widely depending on the number of locations involved, on the props required and whether you want to include graphics.

VCL Video, a London company, says clients can expect to pay around £1,000 a minute for a video. Unless there are complications, shooting would take two to three days and editing a similar length of time.

**Business Books. Tel 071 978 9670. 246 pages. £16.99; **Harper Collins. Tel 081 741 7070. 142 pages. £8.99.*

In a Nutshell

Feeling blue and seeing red

The Conservative Party is regarded as the party which would be best for business by just over half of small firms, according to a survey* by researchers at Kingston Polytechnic.

The conservatives won the backing of 52 per cent of businesses, followed by Labour with just 11 per cent and the Liberal Democrats with 4 per cent. Despite the large conservative lead, the poll suggests a fall in conservative support compared with previous elections. In 1983, 71 per cent of people engaged in small-scale economic activity voted conservative.

Asked about the banks, almost a quarter of businesses polled said relations had worsened during 1991 while 19 per cent said they had improved. The remainder thought relations had stayed the same. In 1990, more than 70 per cent said relations were good or satisfactory.

The researchers first interviewed 350 small businesses in 1990, but by February 1992, 16 per cent had ceased to trade or were untraceable.

**Small Business Survey. Kingston Business School, Kingston Hill, Kingston Upon Thames, Surrey KT2 7LB. Tel 081 547 2000. £15.*

Entrepreneurs on the line

Mobile phones, described by the Chancellor of the Exchequer in last year's Budget as "one of the greatest scourges of modern life," are thought to increase working efficiency by 86 per cent of users, according to a survey* for Cellnet by Cranfield School of Management.

The owner-managers of small businesses in "blue collar" sectors, who often use their vehicle as an office, believe they achieve the greatest increase in their effectiveness from a mobile phone. They believe their phones contributed to an 11 per cent rise in their business activity, compared with a 3 per cent increase noted by "white collar" small businesses and a 2 per cent rise recorded by managers in large companies.

More than 40 per cent of business users said their phones were essential; 30 per cent thought they helped in winning business; while less than 10 per cent saw them as "a bit of a luxury".

**The Values and Benefits of Mobile Telephones to Business Users. Cranfield School of Management, Cranfield, Bedford, MK43 0AL. Tel 0234 751122*

Training spotlight turns to the ladies

A business initiative intended to provide free, intensive training courses for women who want to set up in business has been launched in the West Midlands.

The Zillwood Trust will run nine-week training courses covering management skills, financial management, marketing, confidence-building and commercial law, followed by three weeks of vocational training. The aim is to help create between 50 and 60 new businesses a year.

Contact Linda Ward, Zillwood Trust, Knightsford House, Carriers Fold, Church Road, Wombourne, Wolverhampton WV5 9EX.

Patent method to cut court time

Britain's first county court devoted specifically to hearing patents cases has succeeded in reducing both the time taken to bring a case to trial and the duration of the hearing itself.

The patents court at Wood Green, North London, has been involved in 100 cases since September 1990, of which 84 were started in the patent court and 16 transferred from the High Court.

Judgments have been given in eight cases, 21 others were settled out of court and 10 are listed for trial. Of the cases in which judgments have been given, the average time from the issuing of a summons to trial was 42 weeks and the average trial length was 9¼ hours.

This is in stark contrast to the High Court, where cases often take more than two years to get to trial and the actual trial can take much longer than in the patents court, according to Simon Cohen of solicitors Taylor Joynson Garrett.

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The Joint Administrative Receivers, N. R. Lyle and N. G. Atkinson, offer for sale the business and assets of Muddy Fox Limited:

- Designer, manufacturer and distributor of a quality brand of mountain bike.
- Combined, leasehold warehouse and offices based in Wembley, London and Dusseldorf, Germany.
- Turnover in last 2 years, circa £8.5 million p.a.
- Sourcing from prestigious suppliers in Taiwan and Korea.
- Dealership network throughout Europe.
- Registered trade mark and logo.

For further information please contact Tom Burton at the address below.

PO Box 810, Friary Court, 65 Crutched Friars, London EC3N 2NP
Tel: 071 936 3000. Fax: 071 480 6881.

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Cubbon Group

The Joint Administrative Receivers offer for sale the business and assets of the above group of 3 companies, operating as mechanical and electrical building service specialists

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- ½ acre freehold site in Rhyl. Additional offices in Runcorn, Newtown, Powys and Anglesey.
- Twelve months old AUTOCAD ductwork manufacturing system
- Estimated turnover for 9 months to 31 December 1991 £2,600,000.
- Excellent customer base built up over 26 years including local authority contracts
- Currently working on contracts with gross value exceeding £2,000,000

For further information contact the Joint Administrative Receiver, Andrew Thompson, KPMG Peat Marwick, Richmond House, 1 Rumford Place, Liverpool L3 9QY. Tel. 051-236 5052. Fax: 051-236 1682

KPMG Corporate Recovery

Willall Limited (In Receivership)

The business and assets of Willall Limited and certain of its subsidiaries operating in the building and property related leisure industries are offered for sale as a consequence of receivership.

Willall Limited (In Receivership)

- Residential housebuilder and property developer.
- Developments in Cumbria and North Yorkshire.
- Land bank and attractive part developed sites.
- Freehold head office in Ulverston, Cumbria.
- Annual turnover approximately £2.0 million per annum.

For further information please contact:
IC Powell or AJP Brereton, Price Waterhouse, York House, York Street, Manchester M2 4WS. Tel: 061-228 6541. Fax: 061-236 1268.

Haven Homes (South West) Limited (In Receivership)

- Residential housebuilder operating in South West England.
- Land bank and part completed developments in Devon and Cornwall.
- Annual turnover approximately £3.8 million per annum.

For further information please contact:
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James Y. Keanie Limited (In Receivership)

- Residential housebuilder with sites in central Scotland.
- Sites under development in Livingston and Lesmahagow.
- 26.5 acre greenfield site in Lesmahagow.
- Annual turnover £4.0 million per annum.

For further information please contact:
IC Powell or GI Bennet, Price Waterhouse, York House, York Street, Manchester M2 4WS. Tel: 061-228 6541. Fax: 061-236 1268.

Forth Valley Construction Limited (In Receivership)

- Residential property developer with sites in central Scotland.
- Partially complete development of a block of flats in Hamilton.
- 2 acre greenfield in Airdrie.
- Annual turnover approximately £3.5 million per annum.

For further information please contact:
IC Powell or GI Bennet, Price Waterhouse, York House, York Street, Manchester M2 4WS. Tel: 061-228 6541. Fax: 061-236 1268.

Willall Builders Merchants Limited (In Receivership)

- Established builders merchants based in central Scotland.
- Good profits reported in last two financial years.
- Turnover approximately £8.0 million per annum.
- Operates from freehold sites at Kilmarnock, Ayr, Cumnock and Ardrossan.
- Workforce of 51 people.

For further information please contact: GI Bennett, Price Waterhouse, 1 Blythswood Square, Glasgow G2 4AD. Tel: 041-226 4593. Fax: 041-221 6970.

Glenample Estates Limited (In Receivership)

- Sporting estate of 5,125 acres at Lochearnhead, Perthshire.
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- Flock of 1,100 sheep.
- 300 acre mixed arable farm at Callander, Perthshire.

For further information please contact:
IC Powell or GI Bennet, Price Waterhouse, York House, York Street, Manchester M2 4WS. Tel: 061-228 6541. Fax: 061-236 1268.

Willall Limited acting by its administrative receivers offers for sale the share capital of its subsidiary Portpatrick Harbour Ltd (Not in Receivership)

- Principal asset – Portpatrick Harbour, South of Stranraer, Galloway.
- Annual income £15,000.
- Freehold harbour buildings.

For further information please contact:
IC Powell or AJP Brereton, Price Waterhouse, York House, York Street, Manchester M2 4WS. Tel: 061-228 6541. Fax: 061-236 1268.

Price Waterhouse

Upon the Instructions of I.C. Powell & AJP Brereton, Joint Administrative Receivers of Care Concern International Ltd.

Price Waterhouse

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For further information contact the Joint Administrative Receiver, Giles Frampton, KPMG Peat Marwick, Linacre House, Southernhay East, Exeter EX1 1UG. Tel: (0392) 211661. Fax: (0392) 221654.

KPMG Corporate Recovery

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For further information please contact the Joint Administrative Receiver, Andrew Peters at the office below, or Owen Claxton at X-Factor on 0536 66493.

Newater House, 11 Newall Street, Birmingham B3 3NY.
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If you have an interest in acquiring the above business, please contact Frank Blin or G Ian Rankin, the Joint Receivers, at Cork Gully, Kintyre House, 209 West George Street, Glasgow G2 2LW. Telephone: (041) 226 4894. Fax (041) 226 5133.

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Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

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For further details please contact Tony Mitchell FCCA the Joint Administrative Receiver, or Mark Fieldhouse FCCA at Stoy Hayward, Waterloo House, 20 Waterloo Street, Birmingham B2 5TF. Tel: 021-643 4024 Fax: 021-631 2400.

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For further information please contact Lindsay Denney or Ian Stanton at the address below.

1 Woodborough Road, Nottingham NG1 3FG.
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Notice of appointment of Joint Administrative Receivers.
RENCORE (BUILDING SERVICES) LIMITED
Registered number: 2367872. Nature of business: Building contractors. Trade classification: 27. Date of appointment of administrative receivers: 21 February 1992. Name of person appointing the administrative receiver(s): National Westminster Bank Plc.
N J Vooght and M J London; Joint Administrative Receivers. (Office holder nos: 6339 and 2082). Address: Melrose House, 42 Dingwall Road, Croydon, Surrey CR0 2NE

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1. Chief Executive
National Tanker Co. (Pvt.) Ltd.
3rd Floor, PNSC Bldg.
M. T. Khan Road, Karachi

2. Regional Representative
Pakistan National Shipping Corporation
450 High Road, Ilford
London IL6 1UF

3. Regional Representative
Pakistan National Shipping Corporation
24th Floor, 21 West Street
New York, NY 10006

4. Regional Representative
Pakistan National Shipping Corporation
1/F Tien Chu Commercial Building
173-174 Gloucester Road
Wan Chai, Hong Kong

5. Regional Representative
Pakistan National Shipping Corporation
C/o. M/s. Rois Hassan,
P.O. Box 7
Dubai.

5. The last date for submission of tender bids is 26.3.92 as per time/procedure stated in the tender documents.

Chief Executive
National Tanker Co., (Pvt) Ltd
3rd Floor, PNSC Building
M. T. Khan Road
Karachi - Pakistan.

FT LAW REPORTS

Undervalue order is extra-territorial

POWDRILL AND ANOTHER v HAMBROS BANK (JERSEY) LTD
Court of Appeal
(Sir Donald Nicholls, Vice-Chancellor, Lord Justice Taylor and Lord Justice Farquharson):
February 27 1992

THE COURT has an extra-territorial power to order a foreign defendant to restore sums paid to him by an insolvent company at undervalue, but it is a discretion to be exercised only if he was sufficiently connected with the UK for it to be just and proper to make an order against him.

The Court of Appeal so held when allowing an appeal by the plaintiff administrators of Paramount Airways Ltd from Mr Justice Mervyn Davies's decision setting aside leave to serve proceedings on the defendant, Hambros Bank (Jersey) Ltd out of the jurisdiction.

Section 238 of the Insolvency Act 1986 provides: "(2) Where the company has at a relevant time ... entered into a transaction with any person at an undervalue, the [administrator or liquidator] may apply to the court for an order under this section (3) ... the court shall, on such an application, make such order as it thinks fit for restoring the position to what it would have been if the company had not entered into that transaction."

SIR DONALD NICHOLLS V-C said that Paramount carried on business as a charter airline. On August 7 1989 an administration order was made in respect of the company.

In the present proceedings the joint administrators were alleging that in July 1989 the company had sums of £1.3m and £346,800 in England, which were transferred to an account held by a Jersey company with Hambros Bank (Jersey).

The administrators alleged that the company's money was misappropriated and paid away for no benefit to the company.

They asserted that the payments were transactions at an undervalue, made when the company was unable to pay its debts. They sought an order under section 238 of the Insolvency Act 1986 for the bank to restore the money to the company.

The administrators obtained leave to serve proceedings out of the jurisdiction.

The bank applied to set aside leave. Mr Justice Mervyn Davies acceded to the application.

He held there was an implied limitation to "any person" in section 238, restricting it to British subjects, companies registered in England, foreigners present in England and, possibly, foreign companies carrying on business in England.

The administrators appealed.

When using the expression "any person", parliament was to be taken to have been legislating only for British subjects or foreigners coming to the UK, unless the contrary was expressed (which it was not) or was plainly implicit (see *Blain (1879) 12 ChD 522,526* and *Clark v Oceanic Contractors [1983] 2 AC 130*).

Section 238 applied in the case of a company in respect of which an administration order had been made or which had gone into liquidation.

Subsections (2) and (3) provided that where a company had entered into a transaction "with any person" at an undervalue, the court "shall" make "such order as it thinks fit" restoring the position to what it would have been had there been no transaction.

An order was not to be made under the section if the company entered into the transaction in good faith and for the purpose of carrying on its business, and at the time there were reasonable grounds for believing it would benefit the company (subsection (5)).

Section 239 was concerned with giving a preference "to any person". It applied in the same circumstances as section 238. Giving a "preference" meant doing anything which put one of the company's creditors, or a guarantor, into a better position in the event of its going into liquidation than otherwise would have been the case (subsection (4)).

The two sections were matched by comparable provisions in sections 339 and 342, regarding individuals who were adjudged bankrupt.

On its face the legislation was of unlimited territorial scope.

Parliament might have intended that the English court could and should bring before it, and make orders against, a person who had no connection whatever with England save that he entered into a transaction, maybe abroad and in respect of foreign property, with a person who was subject to the insolvency jurisdiction of the English court.

Such an intention was possible. But in some instances such a jurisdiction or its exercise would be truly extraordinary.

The difficulty lay in finding an acceptable implied limitation.

The case for some limitation was powerful, but there was no single simple formula which was compelling.

Authority did not provide any guidance.

The solution did not lie in retreating to a rigid and indefensible line.

Trade took place increasingly on an international basis. To meet changing conditions English courts were more prepared than formerly to grant injunctions in suitable cases against non-residents or foreign nationals in respect of overseas activities.

When considering "any person" in the sections, it was impossible to identify any particular limitation which could be said with any degree of confidence to represent the presumed intention of parliament.

What could be seen was that parliament could not have intended an implied intention. The expression must be left to bear its literal and natural meaning.

That conclusion was not as unsatisfactory as it might appear at first sight. There were two safeguards built into the statutory scheme.

The first lay in the court's discretion as to the order it would make. Despite the "shall" in the section, the phrase "such order as it thinks fit" was apt to confer an overall discretion, which was wide enough if justice so required, to make no order against the defendant.

If a foreign element was involved the court would need to be satisfied that the defendant was sufficiently connected with England for it to be just and proper to make the order against him.

In considering whether there was sufficient connection, the court would look at all the circumstances, including the defendant's residence and place of business, his connection with the insolvent, the nature and purpose of the transaction, the nature and locality of the property, the circumstances in which he became involved in the transaction or received a benefit from it or acquired the property, whether he acted in good faith, and whether under foreign law he acquired an unimpeachable title free from claims.

The importance attached to those factors would vary from case to case.

By taking into account and weighing those and any other relevant circumstances, the court would ensure that it did not exercise oppressively or unreasonably the very wide jurisdiction conferred by the sections.

The other safeguard was that persons who were abroad and not able to be served in the UK in the usual way, were not to be brought here unless the court granted leave for them to be served abroad. Rule 12.12 of the Insolvency Rules provided that in insolvency proceedings the court might order service to be effected abroad "within such time, on such person, at such place and in such manner as it thinks fit".

Thus the second safeguard was that the court had a discretion.

In deciding whether the case was a proper one for service out of the jurisdiction, one of the circumstances the court would take into account was the strength or weakness of the plaintiff's claim in the proceedings.

There must be a real issue between the plaintiff and the defendant, which the plaintiff might reasonably ask the court to try. He must make out a sufficiently strong case in the circumstances to justify his being given leave.

Where a foreign element was involved one of the factors which the court would consider was the apparent strength or weakness of the plaintiff's claim that the defendant had a sufficient connection with England in respect of the relief sought.

The present proceedings should be permitted to go ahead in England. It would be for the judge to decide in the light of the evidence whether the bank had sufficient connection with England for it to be just for the court to grant the relief sought. The grant of leave to serve abroad did not preclude the bank from raising that issue as a defence.

The appeal was allowed. Their Lordships agreed.

For the bank: Nigel Davis (Norton Rose).

For the administrators: Nicholas Merriman QC and Richard Salter (Wilde Sapte).

Rachel Davies
Barrister

The Pilgrim's Progress

RNCM, MANCHESTER

The theme of personal discovery has led composers to some of their most challenging statements. From *Die Zauberflöte* to *Parsifal* and beyond there are operas which have strained to break the accepted notions of what constitutes a stage work so that they can express all that they want to say about man and his spiritual journey through life.

It would seem that Vaughan Williams felt that kind of deep commitment to *The Pilgrim's Progress*. The score only reached its final form after a lengthy creative period in which it was assembled in various stages, at one point being raided to supply material for the Fifth Symphony. The 1951 Covent Garden premiere was not a success and in its wake the opera was largely written off as not theatrical enough, more "a sort of oratorio".

Performances of the score since then have been few and far between, staged productions non-existent. In reviving pieces of this kind the national music colleges have hit upon some well-chosen ventures in recent years, but it is unlikely that anybody could have foreseen the truly remarkable success scored by the Royal Northern College of Music with its production of *The Pilgrim's Progress* last Thursday.

As one watched the drama unfold, the main arguments against the opera seemed to fall away. How could it be thought long-winded, when the scenes are so concise? Or lacking in theatrical variety, when Vaughan Williams so clearly contrasts passages of private communing with vivid crowd scenes, like the Valley of Humiliation and Vanity Fair, peopled by creatures of the underworld, human and otherwise (even if the music in both is admittedly rather weak).

If there is an un-operatic element, it is probably the central character, for this is the story of Everyman, not a princely Tamino or a naive Parsifal. It takes a while for any personal sense of involvement with the Pilgrim to catch the heart, but it does with his prison soliloquy in the second half, and there the baritone Richard Whitehouse rose splendidly to the occasion, fresh of voice, full of visionary fervour.

There are no other individual roles that can make a decisive impact, although John Neale was a resonant Evangelist and Darron Moore firm and true as Watchful. (His Nocturne is a particularly effective passage, made from musical shadows and nagging night-time doubts.) It is the company spirit that makes or breaks a performance and the RNCM had fielded a well-rehearsed cast in a first-rate production by Joseph Ward, designed by Michael Holt, and for the most part notably well played by the student orchestra under Igor Kennaway.

In the final scenes one felt powerfully that sense of communal beneficence which is so much the strength and inspiration of Vaughan Williams's music. Now that we are ready to accept other unusual religious or mystic works such as Messiaen's *Saint François* or Birtwistle's *Gawain* on their own terms, it is perhaps timely to reconsider *The Pilgrim's Progress*. With this inspired production the reputations of the RNCM and of the opera itself have been equally enhanced.

Richard Fairman

From dreams to dead fish

William Packer reviews the latest Saatchi installation

Young British Artists is the title of the new display at the Saatchi Collection (98a Boundary Road, NW8, until August: Fridays and Saturdays from 12 until 6: 071 624 8299). At the more superficial level, this latest selection demonstrates that Charles Saatchi's collection continues to grow apace by the wholesale acquisition of the work that takes his eye. Rather more to the point, it shows that his interest embraces not just the international mainstream, as determined by the current orthodoxies of museum curators and major dealers, but also the native and youthful avant-garde, as determined by . . . etcetera etcetera.

Most interesting of all is the demonstration it makes within its own narrow compass – only six artists are represented, two of whom work as partners – of the critical dilemma with which we are now faced, in any consideration of the latest, newest thing. On the one hand, here are two painters, that is to say artists who lay paint onto canvas with their own hands in the usual way. One is a minimalist and subliminal conceptualist, the other an exuberant and old-fashioned surrealist. On the other hand, there are two sculptors, both of whom appropriate their imagery from given material. And there in the middle is the partnership, with its curious amalgam of the conceptual, the sculptural and the polemical.

As ever, the installation of this farrago is magnificent, the whole initial experience something of true theatre. Theatre indeed, and *Grand Guignol* at that, for dominating the first and greater space are the installations of Damien Hirst, he of the Serpentine fish-tanks, and the tropical butterfly cycle of life and death in a vacant shop off Bond Street last summer.

Here again are his shelves of fresh fish in tanks of formaldehyde, his cabinets of pills and drugs, and yet more shelves of visceral specimens in bottles and jars. But a single tiger shark, suspended alone in its huge tank centre stage, is the star turn. It is a beautiful if arresting creature, yet its qualities are inherent to it. Would it be any the less commanding in its fascination were it to be presented in the museum, or even an enterprising shop window? The answer is no, for its *frisson* comes of presentation, not of art.

Indeed its status as art is in question from the moment Hirst's pretensions are betrayed by the title: "The Physical Impossibility of Death in the Mind of Someone Living". The shock and horror of the physical, and the certainty of death, have been staples of art through the ages, but always their consideration has been mediated by the intervention of the work of art itself, that both distils and transcends the reality. For Michelangelo to have offered a cadaver as a *Pieta*, or Rembrandt the actual side of beef, would have been both gratuitous and an evasion.

That has not changed, yet here we have the heresy persisted in, that mere presention and nomination as art is enough – how the old ironist, Duchamp, would smile. Nearby the shark, Hirst has a double glass chamber, in one part of which sits a large box where the gentles thrive; and in the other the flayed and bloody head of a cow, and above it an electric fly-killer where the unwary bluebottles their quietus make with a sudden dive into the tray below. "A Thousand Years" is the metaphysical proposition: most unpleasant.

The other sculptor, Rachel Whiteread, seems by contrast positively magisterial. Her more recent work, smartly simple casts of mattresses and mortuary slabs, may have led her down the same dire path of dubious metaphysics, but here, with the works by which she first attracted notice, the evidence of an emerging and potential talent is unmistakeable. Already the image is the cast itself, but the material is still the working plaster, practical and unprepossessing. "Ghost", the off-white block that proposes the full space of the room within by casts of the four walls without, is especially impressive, the sense of an intuitive and developing engagement with both material and idea.

But the work of the painter, John Greenwood, offers the greater contrast. Here is an artist who does not receive his imagery, even to the extent that Miss Whiteread does, from given and existing material, but dreams it up himself and establishes it within a credible space and context by putting brush to canvas. That this should seem even worth the comment shows how far we have come in our expectation of what art is, or might be, at least in the context of the Saatchi collection.

Greenwood's bizarre and frantic structures exist consistent both within themselves and the pictorial space they occupy. They clearly derive from the surrealism of Picasso around 1930, and of Dali and Miró to some extent, but most of all from that of Yves Tanguy, ambiguously erotic amorphous forms set in an oddly hermetic, perhaps submarine world. Greenwood's paintings are somewhat larger and, perhaps, prematurely sophisticated, full of cleverly wrought jokes and pictorial mischief. Were they to be less self-regarding in their humour, and, well-done as they are, less technically complacent, they would be the more impressive. As an artist, Greenwood might live a little more dangerously.

Alex Landrum, with his minimal diptychs, each panel painted in household vinyl or emulsion and subcutaneously labelled by the trade name of the single colour it carries; and Ben Langlands and Nikki Bell, with architectural models of the ground plans of public institutions, shown in relief, complete the show.

Nicely apropos, the Tate, has just announced that it has accepted a gift by Charles Saatchi of nine paintings and sculptures by British artists of the 1980s: Deacon, Denis, Milroy, Murphy, Opie, Ryan, Wentworth and Willing.

'That's My Bus', 1990, by John Greenwood

BBC Symphony Orchestra/Hilliard Ensemble

BARBICAN HALL/WESTMINSTER ABBEY

As the Barbican continues to pat itself on the back for the triumphs of its first ten years, the BBC Symphony Orchestra made a second visit to the celebrations. Their immaculately delivered programme on Thursday, conducted by Oliver Knussen, was fresh, enterprising and not really festive at all; it sandwiched the premieres of works by Colin Matthews and Knussen himself between Sibelius's *Luonnotar* (sung with perceptive fluency by Lucy Shelton) and Skryabin's overripe *Prometheus* (with David Horne as solo pianist).

Broken Symmetry, the BBC commission from Matthews, proves to be a 20-minute orchestral scherzo, a virtuoso musical machine of threatening power which is continually primed and propelled by the percussion section. That Matthews has managed to sustain such a span of fast music with scarcely a pause for breath is a feat in itself; its sequence of trios and reprises, drastically foreshortened when they re-emerge in reverse order, careens through the musical landscape in a sequence of vivid, violent images. The gestures are constantly varied, arresting – eruptions of jagged rhythmic unisons, *Rite of Spring* stampings complete with braying horns, intricate, tightly geared clockworks spread through the full orchestra; just occasionally also poised, lyrical melodic lines are threaded in and out of the teeming textures.

Knussen's *Whitman Settings* first emerged in a version for voice and piano, which Lucy Shelton introduced at last year's Aldeburgh Festival. None of the four songs lasts more than a few minutes, yet they pack in an astonishing range of emotional and vocal nuance. The orchestrations (made especially for the Barbican concert) enhance that sense of concentration, with wonderfully lucid colours drawn from a vast ensemble; each song seems to define its sound world within a couple of bars, compressed into a phrase or a couple of chords. They are beautifully achieved little songs, brought off with the lightest of touches.

Andrew Clements

On the same evening, a huge audience had been drawn to Westminster Abbey to hear the Hilliard Ensemble, plus additional choir, organ and small instrumental ensemble under Stephen Jackson, offer their celebrated account of Arvo Pärt's *Miserere* (1988-89).

These same performers first gave the work its premiere, and then made of it an internationally best-selling record (on the ECM label). It was instructive to hear the *Miserere* in the abbey spaces, and to note the unforced eloquence, security and devotion of all its singers and players. This is music of fearfully exposed spareness, providing no bolt-holes for sloppy intonation or escape-routes for rhythmic looseness, and it was here delivered with that peculiarly impressive confidence which carries an air of absolute naturalness.

Pärt's mature music, of which this is an important example, defines a new post-modernist category – "faith-minimalism". The message is uttered entirely in musical gestures, delicately shaped and often repeated: in this case, vocal lines (solo or concerted) stuttering off into despairing silences, then timorously re-launched, often with equally hesitating instrumental punctuation.

Contrasts of timbre are slowly layered; an atmosphere of agonised meditation suffuses the long sequences and large block-shapes of the structure. For those able to fall prey to Part's muse, the experience must be an enthralling one; for anyone, like myself, who remains resolutely unengaged, the *Miserere* proves a hollow package – almost entirely devoid of content, both admirably sincere and desperately enervating.

Thursday's concert, the second of a current seven-stop Hilliard tour (organised by the Contemporary Music Network), also featured music by another of today's leading Eastern European faith-minimalists, Henryk Gorecki. John Casken's new, short madrigal for four voices, *Sharp Thorne*, provided a moment of blessedly welcome relief from the prevailing mood of elevated repetitiousness. An interweaving of a modern poem (by Sylvia Townsend Warner) and one from the 15th century, it poses hard-edged questions about the Christian faith in music at once richly harmonised and packed with harshly vivid detail in each vocal line.

Max Loppert

My Fair Lady

THE OPERA HOUSE, MANCHESTER

This new production of *My Fair Lady* is well timed, has already been extensively hyped and is likely now to visit London.

There has been some brouhaha over whether or when national press would be invited to review these Manchester performances – and therefore over whether Mancunians were being given merely a preview or rehearsal run. Frankly, a lot more rehearsal and revision would have helped. There are at present just three good reasons to catch it: Helen Hobson, the fresh new Eliza; the elegant and original sets by David Fielding; and *My Fair Lady* itself.

The last is the most important. Most of the brilliant dialogue is straight out of Shaw's *Pygmalion*, and yet the song lyrics prove just as memorable. This is something rare in musicals, but rarer yet by far is the fact that the songs are made buoyant less by Lerner's words than by Loewe's music. (Even Higgins's *Sprechgesang* is, or should be, intensely musical.) But I could not write this way if this production were my first experience of *My Fair Lady*. The lyrics are under-inflected, some performers are under-voiced and over-amplified, several parts are miscast, and neither Eliza nor Higgins emerges as a star role.

Helen Hobson does everything well, has enough voice for it all and exaggerates nothing. She has timing, feeling and fun. But she is as yet only half the Eliza she could be, and for this and much else, Simon Callow, the director, is to blame. She never, for example, learns to carry or turn her head elegantly or expressively. (Several of the other, more experienced actors do not even seem to know how to use their eyes.)

Edward Fox makes a nonsense of Higgins by blurring his consonants, drawling his vowels (he calls them "vahls"), and dawdling behind the music. He works his six facial expressions for maximum contrast, but none of them conveys intelligence. When he says "I have my own spark of divine fire" ("fah"), no-one believes him. He takes Eliza to a place which he calls "Airscot" and which Michael Medwin's atrocious Pickering calls "Ashcot". What kind of phonetics do these two club bores know?

There are minor signs that Callow has tried to "reconceive" this beloved show, not very revealingly. Mrs Pearce (Jennie Goosens) has become Irish, and Mrs Higgins (Sheila Burrell) is now a Bohemian artist. Jasper Conran, the designer, has made the Embassy Ball a dingy, vulgar affair – horridly choreographed by Quinny Sacks – in which Eliza's simple white neo-Grecian gown is a breath of fresh air; the idea does not come off. Wittier is his Ascot, with all the ladies dressed like stems and wearing huge flower hats; Eliza, as an all-pink rose, really is the purest and loveliest here.

David Fielding's non-realist designs would not surprise an opera audience. In a musical, they are a shock. The basic white set, with columns and walls in classical English architectural style, is printed all over with words from Shaw's ideal phonetic language (for example, "laeqgwej"). He always makes much of Shaw's dominant symbols: most wittily in the Covent Garden scenes, where the old fruit and vegetable market stands right before the distant and tilted Opera House. "Laeqgwej" is what will take Eliza from the former to the latter.

Alastair Macaulay

Some Jam Tomorrow/Once Upon a Song

ARTS THEATRE/KING'S HEAD, ISLINGTON

Two of London's most amiable small theatres have just launched two new and inept musicals. But the one at the Arts, *Some Jam Tomorrow* by Neil Innes, has a bonhomie and an openheartedness that are not always resistible – whereas at the King's Head the wall-to-wall clichés of Anthony Newley's *Once upon a Song* are made leaden by their unvarying predictability and, seeping up through that, by a certain whinging meanness.

Some Jam Tomorrow is actually by far the less ept. On purpose. The title comes from Lewis Carroll's *Alice* books; and Neil Innes, who is his own main performer, tries to combine Wonderland with Nowadays. Nothing about the show is slick, and half the time we are being nudged to laugh at its crummy daftness. Innes puts a red nose on to sing "I'm an Urban Spaceman" or goes all country-and-western to sing "I've Got my Hand up the Skirt of Mother Nature." The more self-consciously silly, the duller.

When, however, Innes dislocates his jaw in a country cadenza, he shows real comic talent. He switches styles easily. Talking, he sounds like Tony Hancock; singing, he moves between the idioms of Country, Lennon-McCartney, Elton John, French crooner ("croon-*aire*") and more. He is actually less close to *Alice* than he is to pantomime. He brings a man up onstage to honk a car-horn during a song, he throws sweets, he keeps changing costume and he makes the audience join in.

Never have I known more audience participation. It was positively therapeutic. At the ends of the lines of one song we cried "Balls!", "Zoomzoomzoom!" and "Bong!" (if we were male) or "Cuckoo!" (female). I thought we had reached our climax when we all joined in blowing raspberries as loudly as we could, but I was wrong. Later, after we had all sung along in "We are the Slaves of Freedom," he called out "Give me an S!" "S!" we yelled. "Give me an O!" Then D. Then O, F and F. "What does that spell?" he urged. So we told him. And he took the point to heart and slunk offstage.

Once upon a Song is altogether more crafted, neat and stale. All-singing, with no linking dialogue, it tells the story of Every Nuclear Family. The Father (Newley himself) and The Mother (Diane Langton) have The Daughter (Natalie Wright) and The Son (Kristopher Milnes the night I went; the role is double-cast), but have the usual marital problems. Father leaves, everyone mopes, Father comes back. Everything is generalised; nothing is particular – save that the family keep presenting themselves as song-and-dance show-people. When Newley sings "I'm just a Middle-aged Silent-majority On-the-dole Rock-n-roll Star," he opens a vein of truth and you blush for him.

There is not a fresh lyric or line in the show. Langton has a welcome vocal power, and young Milnes has talent. Wright overdoes the starry-eyed fervour that won her the title role in (remember?) *Bernadette* (goodness!). Newley himself, a mannered and limited performer, likes to sing with slouched posture, his shoulders lopsided and hunched and his eyes shut. His voice has a tremolo so heavy that at times it is a slow trill covering the span of a minor third. His hand gestures, though, are something else; they kept reminding me of Dusty Springfield. He has a whole lexicon of them, and nary a one is spontaneous.

Alastair Macaulay

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ BERLIN

Schauspielhaus 20.00 Hans-Peter Frank conducts the Weimar Staatskapelle in Hindemith's Cello Concerto (soloist Peter Bruns) and Dvořák's Ninth Symphony. Tomorrow: CPE Bach Orchestra (East Berlin 2090 2156)

■ BONN

Oper 20.00 Julius Rudel conducts Graham Vick's production of La bohème, with Cecilia Gasdia, also Sat. Tomorrow: gala concert with Grace Bumbry, Margaret Price, Lucia Popp, Wolfgang Brendel and others. Thurs and Sun: operetta evening with Barbara Daniels, Robert Gambill and others (773667)

■ CHICAGO

Orchestra Hall 19.30 Erich Leinsdorf conducts the Chicago Symphony Orchestra in Hindemith's Symphonia Serena, Frank Martin's Concerto for seven wind instruments and the Brahms/Rubbra Variations and Fugue on a Theme by Handel. Thurs, Fri afternoon and Sat: Leinsdorf conducts Beethoven, Schubert, Offenbach and Stravinsky. Sun: Maurizio Pollini (435 6666)

■ FRANKFURT

Opernhaus 20.00 Georg Solti receives the 1992 Frankfurt Music Prize and conducts the Opera House Orchestra in Brahms' First Symphony. Tomorrow and Sun: Kurt Weill's Mahagonny. Thurs and Sat: Oleg Caetani conducts Georges Delnon's new production of Carmen. Fri: Un ballo in maschera with Mara Zampieri and Eva Randova (236061)
Alte Oper 20.00 Mariss Jansons conducts the Oslo Philharmonic Orchestra in Svendsen's Carnival in Paris, Shostakovich's Sixth Symphony and Stravinsky's The Rite of Spring. Tomorrow and Thurs in Mozart Saal: Wolfgang Rihm 40th birthday concerts. Thurs and Fri: Dmitri Kitaenko conducts the Frankfurt Radio Symphony Orchestra. Sun morning and Mon evening: Vladimir Fedosseyev conducts Grieg and Shostakovich. Sun evening: Michael Gielen conducts the South-West German Radio Orchestra in music by Elliott Carter, Dvorak and Beethoven, with Heinrich Schiff cello soloist (1340 400)

■ GENEVA

Théâtre de Carouge 20.15 Sigmund, Monique Lachère's new play about Freud. Directed by Georges Wod, with Raoul Pastor in the title role. Daily except Mon till March 29 (434343). Fri in Grand Théâtre: Cosi fan tutte (212311)

■ GENOA

Teatro Carlo Felice 20.30 Evelino Pido conducts Egisto Marcucci's production of Il barbiere di Siviglia, with Rockwell Blake, Simone Alaimo, Bruno Pola and Gloria Scalschi. Runs till March 24, with next performances on Thurs, Sat and Sun (589329)

■ HAMBURG

Deutsches Schauspielhaus 19.30 Arthur Miller's Death of a Salesman, new production directed by Charlotte Kleist. Tomorrow: Lessing's 1772 tragedy Emilia Galotti. Thurs and Fri: J P Donleavy's The Ginger Man. Sat: The Cherry Orchard. Sun: Shakespeare's Romeo and Juliet. Sun morning and next Mon evening: guest performances by Marcel Marceau, world-renowned mime artist (248713)
Staatsoper 19.30 Galina Savova sings the title role in Turandot, also Fri. Tomorrow: Tosca with Anna Tomowa-Sintow. Thurs: Idomeneo. Sat: Le nozze di Figaro with Lucio Gallo, Alan Titus, Charlotte Margiono and Stella Kleindienst. Sun: Rene Kollo sings the title role in Tannhäuser (351721)

■ LONDON

Covent Garden 19.30 Steuart Bedford conducts first night of Colin Graham's production of Death in Venice, with Philip Langridge and Alan Opie. Runs till April 3, with next performance on Fri. Tomorrow: Marilyn Horne recital. Fri: Les Contes d'Hoffmann. Sat: Kenneth MacMillan's Manon (071-240 1066)
Coliseum 19.30 Jacek Kaspszyk conducts Jonathan Miller's ENO production of Il barbiere di Siviglia, also Thurs. Tomorrow and Sat: Kurt Weill's Street Scene. Fri: Monteverdi's Orfeo (071-836 3161)
Royal Festival Hall 19.30 James Blair conducts the Young Musicians Symphony Orchestra in Brahms' Second Piano Concerto (soloist John Lill) and Tchaikovsky's Sixth Symphony. Tomorrow: Felicity Lott sings Strauss' Four Last Songs (071-928 8800)
Queen Elizabeth Hall 19.45 Hilary Davan Wetton conducts the Milton Keynes Chamber Orchestra in music by Mendelssohn, Beethoven and William Crotch. Tomorrow: Howard Shelley conducts the London Mozart Players (071-928 8800)
Sadler's Wells 19.30 Momix: surreal American dance group. Daily till Sat (071-278 8916)

■ MUNICH

Staatsoper 19.00 Michel Plasson conducts Lucia di Lammermoor, also Fri. Tomorrow and Sun: Boris Godunov with Yevgeni Nesterenko. Thurs: John Cranko's production of Romeo and Juliet. Sat: Ludwig Minkus' ballet Don Quixote (221316)
* Selection of theatre and concert tickets available at Konzertkasse Beck on fourth floor of Beck store at Marienplatz 11

■ NEW YORK

Avery Fisher Hall 19.30 Giuseppe Sinopoli conducts the New York Philharmonic Orchestra in Dvořák's Cello Concerto (soloist Heinrich Schiff) and Mahler's Fourth Symphony (soloist June Anderson). Thurs, Fri, Sat: Mitsuko Uchida is piano soloist in a programme conducted by Leonard Slatkin (875 5030)
Carnegie Hall 20.00 Wolfgang Sawallisch conducts the Philadelphia Orchestra in piano concertos by Mozart and Shostakovich (soloist Evgeny Kissin) and Hindemith's symphony Mathis der Maler. Tomorrow: Maurizio Pollini (247 7800)
Metropolitan Opera 20.00 James Levine conducts Le nozze di Figaro, with Kiri te Kanawa, Frederica von Stade, Thomas Hampson, and Kurt Moll, also Fri. Tomorrow: Don Carlo (362 6000)

■ PARIS

Salle Pleyel 18.00 Marek Janowski conducts a concert performance of Siegfried, with the Orchestre Philharmonique de Radio France and a cast including Eva Marton, James Morris, Toni Krämer and Graham Clark. Tomorrow and Thurs: Semyon Bychkov conducts the Orchestre de Paris. Sat: Götterdämmerung (4563 0796)

■ ROME

Teatro dell'Opera 19.30 Ghena Dimitrova, Bruna Baglioni and Nicola Martinucci star in Sylvano Bussotti's production of La Gioconda. Runs till March 24, with next performances on Fri and Sun (488 3641)

■ UTRECHT

Vredenburg 20.15 Ken-Ichiro Kobayashi conducts the Netherlands Philharmonic Orchestra in a programme of Bizet, Poulenc, Falla and Ravel, repeated tomorrow. Fri: Riccardo Chailly conducts Messiaen's Turangalila Symphony. Sun afternoon: concert performance of Hugo Wolf's opera Der Corregidor (314544)

■ WASHINGTON

MUSIC
Kennedy Center Concert Hall Tonight at 19.00: Christoph Eschenbach conducts the National Symphony Orchestra. Tomorrow: Vienna Symphony Orchestra. Thurs, Fri afternoon, Sat: Tamas Vasary is piano soloist and conductor with the National Symphony. Fri evening: The Chieftains. Sun afternoon: Moscow Philharmonic Orchestra (467 4600)
Terrace Theater British clarinet virtuoso Emma Johnson gives a recital at 14.00 on Sun (467 4600)
THEATRE
Church St Theater Macbeth: a Washington Shakespeare Company production. Opens on Thurs, runs till April 12 (703-739 9886)
Source Theater Those Sweet Caresses: Lucy Tom Lehrer's play is directed by Elizabeth Robelen. Runs till March 28 (462 1073)
National Theater A Chorus Line: one of Broadway's longest-running productions. Opening tonight (628 6166)
JAZZ/CABARET
Blues Alley Jazz Supperclub This week's guest artists (tonight till Sun) are the McCoy Tyner Trio plus Claudio Roditi piano/trumpet (337 2338)
Barns of Wolf Trap Tomorrow and Thurs: Richard Thompson and Roger McGuinn co-headline three performances of solo acoustics sets. Thurs at 20.00: Bill Bruford's jazz sounds. Fri at 19.30 and 22.00: Karen Akers, cabaret singer and interpreter of songs by Sondheim, Piaf and others. Sat: Tommy Makem, Irish singer, songwriter and storyteller (703-938 2404)

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2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
0830-0900 (Tues) Spiegel TV – Intl Report – the real world of documentary
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly
2130-22 00 (Fri) Spiegel TV – Intl Report

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

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Tuesday March 10 1992

Fiddling while Russia burns

THE RUSSIAN government must feel very lonely. Apart from the formidable support of President Boris Yeltsin, it seems to have nothing but enemies at home and lukewarm friends abroad. The unhappiness of the former is not surprising. But the dilatory and complacent approach of the leading industrial countries is less forgiveable. If they do not soon put up the relatively small sums needed to secure reform, there may be no reform left to secure.

The scale of the problems inherited at the end of last year convinced the Russian government that it had to act swiftly. The die was cast when the government introduced the first stage of price liberalisation in early January. What is now unfolding in Russia, as a result of that decision, is the first and, quite possibly, last attempt at market-oriented reform within a democratic political context.

Nor has that effort yet failed. As Yegor Gaidar, the deputy prime minister, noted in the FT last week, prices rose by 250 per cent at once, but then stabilised. Monetary policy has also been tightened – the Russian central bank chairman, Mr Georgy Matiukhin, notwithstanding – and the free market value of the rouble has even strengthened a little.

The government has decided it must maintain momentum. Accordingly, the next phase of price reform is to be introduced by the end of April, when almost all prices will be freed. Energy prices alone are expected to rise six-fold.

Wage-price spiral

These price increases have to occur without leading to a wage-price spiral. Preventing such a spiral requires stabilisation of the rouble above a level so low that wages would be virtually worthless. Such an over-devaluation would not only be socially destructive, but would be otiose from the point of view of incentives to produce.

It is for this reason that the Russian government is looking for western support of about $6bn for currency stabilisation. Also sought are $6bn in humanitarian assistance and a similar sum for imports to keep the factories running. Finally, the government seeks further relief on debt service.

Unfortunately, Russia is unlikely to receive what it needs and, least of all, to receive it in time. The group of seven leading industrial countries has preferred to wait for the International Monetary Fund. But even if everything were to go perfectly, membership of the countries of the Commonwealth of Independent States would only be discussed by the IMF board in mid-April. It would then take until late May, at the earliest, before they could join the IMF and until late summer before the first lending operation.

Likely delays

Even this timetable could prove too optimistic. The G7 is talking of a combined CIS quota of 4.6 per cent of the total. But the Russian government wants more than the 2 to 2.5 per cent that would be its likely share. Given this disagreement, further delay is perfectly likely.

A far better course would be for the G7 to provide the funds itself, while using the IMF as its executive arm. By imposing clear conditions in this way, the donors should be able to assuage their understandable doubts about the ability of the Russian government to carry the programme through. By providing assistance, however, they would increase the government's effectiveness, above all by supplying it with leverage over the recalcitrant forces ranged against it.

Even with G7 support, Russia's reforms could fail; and even without it, they might succeed. But assistance must make success more likely. Equally certain are the benefits that would accrue to the world as a whole if Russia's economy were to be reformed. When what is at stake is a mere $20bn or so, about a twentieth of what the west spent to defend itself against the Soviet Union in one year, the ratio of probable reward to certain cost is overwhelmingly in favour of the former.

Throughout the Gorbachev era, the west complained that he did too little and acted too late. If the west does not act decisively in the next few weeks, it will be judged guilty of precisely the same mistake.

Revamping pensions law

THE INADEQUACIES of trust law as a legal basis for the regulation of pension funds have been thoroughly exposed by the Maxwell saga. So, too, have the operations of the scanty checks and balances operated by the fund management watchdog, IMRO, and the Maxwell pensions funds' professional advisers. It follows that the House of Commons Social Security Committee's plea for a new pensions act will be difficult to resist.

The chief regulatory problem concerning pension schemes relates to the inherent conflict of interest between the employer, whose representatives usually control the board of trustees, and the beneficiaries. Maxwell was an extreme example of the abuse of that potential conflict. But as the Select Committee rightly points out, the independence of pension fund assets from the finances of the employer has always been a myth. And the existing trust law framework has been far too heavily tilted against the interests of the beneficiaries, in terms of security, access to information and the ability to seek redress against incompetence or fraud.

The merit of a new pensions act, a proposal fiercely resisted until recently by the dinosaurs of the pensions lobby, is that it would strengthen the independence of fund trustees and clarify some of the ambiguities surrounding the ownership and control of fund assets and surpluses. The committee's recommendation for a watchdog based on a beefed-up Occupational Pension Board also makes good sense. There are attractions, too, in the report's proposal for a relatively quick inquiry process before establishing the detailed contents of the legislation.

Profit centre

Yet the vested interests at stake in occupational pensions are such that even the fall-out from the Maxwell saga will not guarantee an easy passage for such legislation. The build-up of surpluses has encouraged employers to regard pension funds as a profit centre. That might appear to fly in the face of their fiduciary obligations as trustees, but in the real world it means that employers will only reluctantly forfeit control of these funds. The select committee's call to look into the case for a compensation scheme will similarly be attacked on the ground of its likely cost.

On the more immediate issue of whether to compensate the Maxwell pensioners, the committee remarks that Pontius Pilate would have blushed at the spectacle of so many witnesses washing their hands of their responsibilities. And it recommends that an incoming government after the election should confront those banks which hold disputed share certificates of the pension funds with a view to extracting compensation; also the American and other investment banks who dealt on Mr Maxwell's behalf. The government's role, according to the committee's chairman, Mr Frank Field, would be to top up this contribution to ensure that pension rights are reinstated.

Failed dismally

The government has sticks and carrots to deploy in its dealings with the financial community. But even suitably reinforced moral suasion is unlikely to work unless the government itself admits a large measure of responsibility. Successive governments have encouraged the growth of private sector pension funds through substantial tax reliefs. They have failed to heed calls for an adequate regulatory framework. In the specific case of the Maxwell funds, the government's 1986 Financial Services Act failed dismally, since IMRO put no barrier in the path of Mr Maxwell's fund management company, despite clear warning signs.

A government that has been prepared to compensate everyone from the investors in Barlow Clowes to the frustrated passengers of British Rail is in a weak position to argue with people who were mostly dragooned into the Maxwell pension funds as a condition of employment. Paying compensation for the Maxwell theft would raise issues about other victims of smaller frauds. But there is a prima facie case for compensation from the government and the bankers. They will both have to offer powerful arguments to escape the logic of the pensioners' case.

Mo Mowlam talks to **Ian Hargreaves** about regulation, corporate governance and mergers

Ms Nice Guy on City offensive

On the terrace of the House of Commons it feels like the first day of spring, and that season's first fly has made the fatal mistake of tiptoeing across Ms Mo Mowlam's side of the table. "We don't take hostages," she says, with one swat.

This action is not wholly consistent with her Ms Nice Guy image in the City of London, where she has spent much of the last year "eating for Labour" in the party's City charm offensive. "I can go to Brooks's in St James Street and I know the guy that waits on table," she says.

Ms Mowlam, 42, has indeed become a familiar and courted figure in the Square Mile, although in 1989 she was a surprise choice for Labour's City and corporate affairs portfolio.

An MP only since 1987 and sponsored by health service union Cohse, her pedigree has plenty in it to alarm your average merchant banker: degree in social anthropology, former college lecturer and administrator, member of the Campaign for Nuclear Disarmament, research assistant to Mr Tony Benn, constituency in the industrial north-east and no previous contact with City affairs beyond buying car insurance. She says a spell working with Mr Alvin Toffler, the American futurologist, burnished her social resilience.

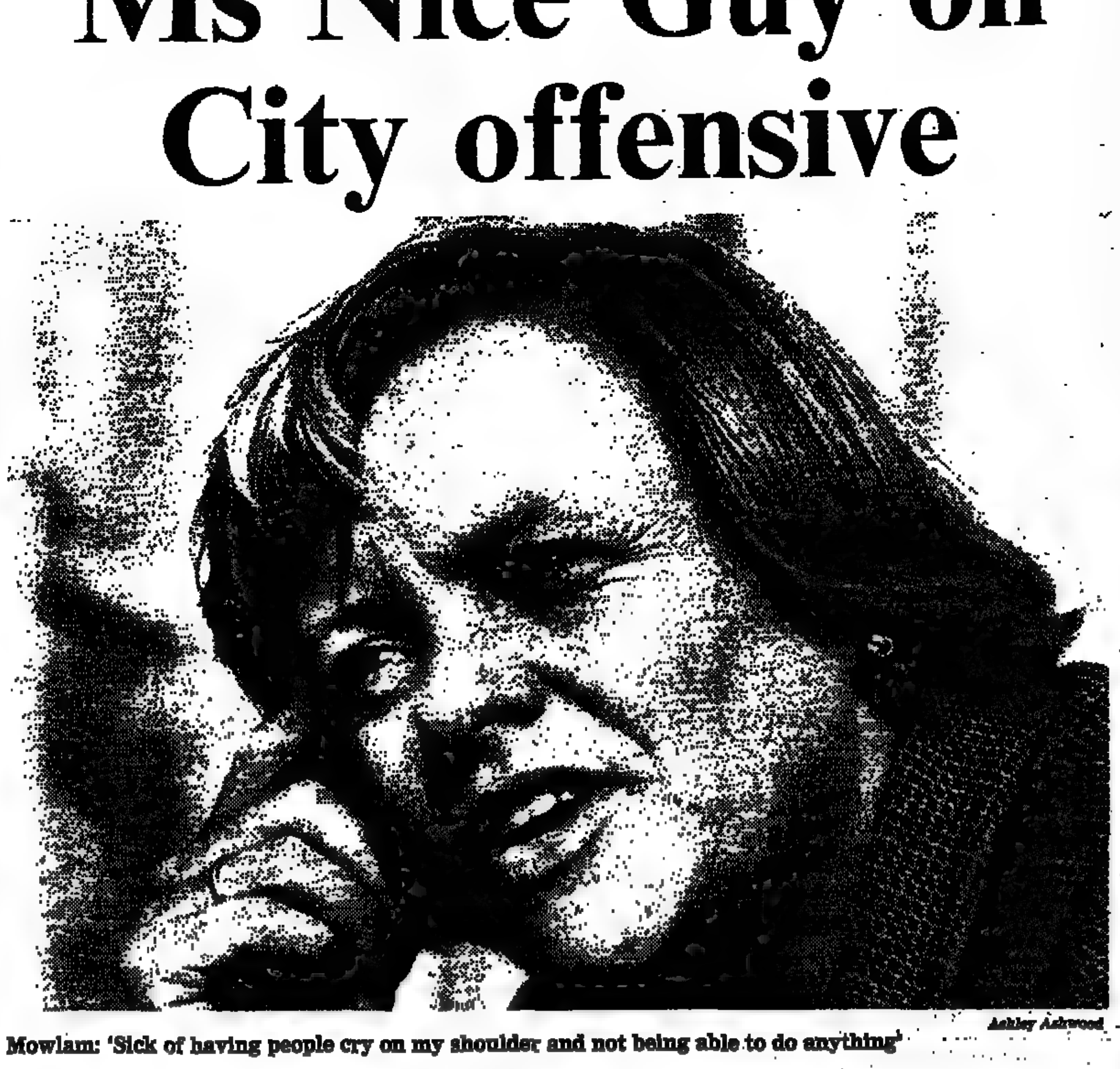
"My starting point was that both sides had a view frozen in time of what the other was about. We had changed, I'm not sure the City had."

She also set about learning her brief in a detail that has amazed many. It is not that she never gets things wrong; an impulsive thinker and high-speed talker, she does. Her sparky style contrasts with the well-oiled gravity of her boss, Mr Gordon Brown, the shadow industry secretary, with whom it is said she has a touchy relationship.

But she rattles off acronyms of City regulatory agencies as if they were the names of pet dogs, scribbling in a notepad to remind her of further detailed points later in the interview.

Politically, she is freshly minted late-1980s Kinnockite – "a degree of market forces with a degree of social responsibility" – and hungry for power. She is "sick of having people cry on my shoulder and not being able to do anything".

Asked to encapsulate what Labour would aim to achieve in City affairs in a first five-year term of office, she makes two points. "I want our industry to be in a lead position in Europe." Pointing to the German chancellor's recent interventions on behalf of Finanzplatz Deutschland, she says: "What Kohl is doing in relation to banking, that's what we should be doing." Mr John Redwood, her opposite number in government, has not just failed to level the playing field, "he sends too many industries out without even a goalie".



Ashley Ashwood

Mowlam: 'Sick of having people cry on my shoulder and not being able to do anything'

Her second point concerns consumers of financial services, whom she says have had a raw deal from the Financial Services Act. She thinks the act has produced a top-heavy system of regulation which few can understand. There should be at most two regulators – one for wholesale, one for retail investment business. "There is a strong case for simplification at the retail end. But I'm happy to leave the wholesale end looser, if they behave slightly more intelligently."

On many topics, she pledges close attention to expert views and committees of inquiry. She does not think Labour would bring in a financial services act in its first year, "but after that, there are changes that will need new legislation". The agenda for a legislative framework – disclosure of information to investors, commissions, compensation arrangements, mechanisms for consultation – is clearer than the proposed solutions.

She rejects the idea that Labour would favour a primarily statutory framework of regulation rather than the essentially voluntary system now in place, just as she declines to headline her approach as backing an American Securities and Exchange Commission-type solution. "What I want is a system that works. To use this sort of shorthand doesn't help."

She thinks the Securities and Investments Board may need recasting, perhaps as the kind of "autonomous" agency now multiplying in the British public sector under the "next steps" programme. "That would give you freedom of pay structures and freedom to appoint outside, but clear objectives and clear accountability." She adds, however, that others are advising "something more quangoish, like the Office of Fair Trading". She is still listening.

Labour sounds equally undecided about reforming the City's defences against fraud. She thinks the Serious Fraud Office "has done a reasonable job, but has had a resources problem". The law on disqualifying directors should, she says, be deployed more vigorously.

Labour's ideas on corporate governance have been thought through in more detail, in the party's evidence to the Cadbury Committee. Ms Mowlam warns that "another well-meaning document which says this is good practice and it would be a terribly good idea if you chaps adopted it, would be a waste of paper". Included in Labour's policy is a fiery line on executive pay awards. "I just enjoy attacking Mick Newmarch, [the Prudential's chief executive]," she says.

Ms Mowlam has also played a prominent role in the Lloyd's saga, defending the interests of Names, which is perhaps curious given the likely political sympathies of those involved. She justifies her actions mainly on the grounds that insurance is a big industry in which Britain needs to be modern and competitive. "With deregulation, the club can no longer regulate itself. We have a competitive problem on our hands and we have to react."

On mergers and acquisitions policy, she struggles to make sense of Labour's proposed introduction of a "public interest" test for mergers. This would involve not a change in the law, but a reversal of the so-called "Tebbit doctrine" specifying that only pure competition issues should be admitted in takeover rulings.

Labour, she says, "has a group of people looking at the detail". But what kinds of merger would she hope to stop? "I'm not going to answer that." Hanson-ICI? "Yes." Why? Because of Hanson's "track record on investment and R&D". Does that mean companies like Hanson should never be allowed to take over any well-run manufacturer? What about BTR's takeover of Hawker Siddeley? "We're not about stopping takeovers, sometimes they're needed to improve efficiency," she ripostes. "But in the 1980s, we were the takeover capital of Europe and that's not constructive."

She then agrees that, unless Labour can clarify its position on public interest in mergers, "that would be as counterproductive as what we had in the 1980s". In Labour's approach to the City, one swatted fly does not make a summer.

Pledge to promote and protect

Peter Martin scrutinises the Labour party's policy themes

Labour's policies towards the City are heavier on issues that need to be explored than specific pledges of action. At the general level, there are two themes: promoting the City's competitive edge against rival European financial centres; and protecting retail customers.

One wider policy theme – discouraging another UK merger wave, and using a broader definition of the public interest in assessing takeover proposals – would also affect the City. Such an approach would reduce the pickings available for corporate financiers and City lawyers, and make it harder for them to plan any individual bid.

Otherwise, says Ms Mo Mowlam, a Labour government would stand for:

- Reformed regulation. "Regulation is an albatross round our neck. At the moment we have a regulatory system which doesn't work to the advantage of protecting the consumer. It is not cost-effective, it is cumbersome and bureaucratic."

Ms Mowlam leaves her exact reforms unclear, but they are likely to involve fewer regulators; a more explicit statutory framework for the regulators; less chance of products falling between regulators and compensation schemes; better co-ordination of fraud responsibility between Department of Trade and Industry, Serious Fraud Office and the City regulators; and:

- Tighter consumer protection. Reforms would start from what the Securities and Investments Board retail review, due this week, comes up with, so no detailed promises yet. But she says: "I clearly have concerns about millions of people who have had a very raw deal [from retail financial services] – they have not had the consumer protection they ought to have had." Likely areas for attention include: more information (although she says "I don't think there are any very easy answers" on how to provide for disclosure of commissions); an attempt to preserve and strengthen the independent intermediaries sector; and an expectation that companies that take on tied agents should be responsible for their actions.
- Insurance reforms. Labour would give with one hand, fighting harder for the insurance industry's cause in Brussels, and take with the other: life insurance companies would be a prime target of the tighter regulation of retail financial services. At times Ms Mowlam seems to be hankering after German-style strict supervision of new insurance products.

Lloyd's would also be a potential target. Not only has its chairman, Mr David Coleridge, got "an attitude problem" in her view, but the whole institution is a symptom of old-style City culture, still far too prevalent. Most of the suggestions in the Rowland report are "reasonable if a bit minimal", but insiders may have been exploiting the market's outsiders: "Some of the evidence I have seen makes it look as though churning and dumping [of risks] has gone on."

- Accountancy. The tighter accounting standards that the Financial Reporting Council is introducing need a counterpart in tighter supervision of accountants, partly by laymen. Auditors might be asked to report publicly on a company's internal controls, and should have a statutory duty to collect information in a form useful to government statisticians. The Caparo decision restricting auditors' liability should be re-examined, which would lead to a tighter definition of auditors' responsibilities. Labour would be prepared to consider either restricting accountancy firms from doing consultancy for audit clients or insisting that companies rotate their auditors – but only if a review of corporate governance suggests no better way to ensure auditors' independence.
- Corporate governance. Audit committees should be mandatory. Chief executives should be separate from chairmen. Non-executive directors should be stronger and more independent. There should be better annual reports, in line with those of the best companies, and perhaps more detailed reports to the regulators, as with the 10K reports required in the US. Companies should set out their long-term strategies in their annual reports. Investment institutions should vote more actively at AGMs, especially on directors' pay. But there is no commitment to make any of this legally binding – the only clear promise of statutory action is over reports to employees.

OBSERVER

Man from the Bank

■ As everyone agrees, Norman Lamont today has very little room for manoeuvre on interest rates. In practical terms, the Bundesbank holds the key.

So it is appropriate that the Budget speech coincides with the arrival in London of Karl Thomas, one of the most influential members of the German central bank's policy-making council, for discreet chats with Whitehall and City eminences.

The softly-spoken Thomas is one of the few members of the Bundesbank council with practical as well as theoretical understanding of monetary policy. Now president of the Hesse bank - one of 11 regional central banks whose chiefs sit on the council - he previously headed the Bundesbank's department dealing with monetary and credit affairs.

On his visit, he will be talking with both Treasury economic secretary John Maples and Eddie George, deputy governor of the Bank of England. And besides pleading for understanding for the Bundesbank's tough interest-rate policies, he'll be banging the drum for Frankfurt as headquarters of the proposed European central bank.

Even so, the Bundesbank will not be so crass as to offer the Treasury any pre-Budget advice. Thomas will not be seeing Maples until after Lamont's statement is well out of the way.

Stage-fright

■ Why did the BBC suddenly lose its nerve about showing its economic editor's analysis of the causes of the UK recession on last night's Panorama? Whatever one might think about Jay, former son-in-law of a Labour prime minister and UK ambassador to Washington, he is no slouch when it comes to economics. Perhaps this was the problem. He knows so much that translating it into TV pictures isn't easy.

Whether one subscribes to the conspiracy, or cock-up, theory about the programme, it is a bizarre affair. Jay is an old colleague of John Birt, the BBC's next director-general, and they pioneered a more in-depth approach to current affairs coverage while working on Weekend World at LWT. Samir Shah, the BBC boss who axed the programme, is another Birt protégé from his old LWT days.

Meanwhile, if Panorama – the BBC's flagship current affairs programme – cannot tackle such central historical subjects before the election campaign has officially even started, what are the chances of the broadcasters really testing the politicians once the race is on?

Scheduled plight

■ Unlike British Airways' dalliance with KLM, the protracted affair between Air France and Sabena is still on schedule for the altar.

Lunching together in Paris, Sabena president Pierre Godfroid and Air France chairman Bernard Attali both attested that their troth remains plighted, although there will probably be a trial marriage in which the French partner takes a big minority share in the Belgian before the two parts beat equally as one.

Attali noted that long engagements often make happy marriages. Godfroid said he hoped the last political hurdles in Belgium would soon be overcome so that the wedding bells may ring.

One of the snags from the French point of view, however, is what might be called a

"I've won £20,000 worth of tax cuts on my lottery ticket"

heavy father-in-law problem.

Under Sabena's statutes, King Baudouin of the Belgians has veto rights on decisions affecting the airline. As good republicans, the French want the statutes changed and the regal veto jettisoned.

BP Oil surplus

■ Sounds like BP chairman Bob Horton is living up to his axe-man image.

One of his first acts on taking over the controls of Standard Oil in 1986 was to cancel plans to install a 48-foot tall pink and maroon Claes Oldenburg sculpture outside Standard's Cleveland headquarters. To Horton it looked too much like a rubber stamp and, deary me, that was not the sort of message he wanted to project.

Now Observer hears that the highlight of the BP oil sculpture exhibition in 1990 – opened by the then arts minister David Mellor – has been made redundant.

A specially commissioned two ton cube sculpture by Nigel Hall which was supposed to go outside BP Oil's new headquarters has to be found a new resting place. Times are tough at BP and the company seems far more anxious to promote itself as a lean, mean money machine rather than an over-generous patron of the arts.

Offers over £50,000, please, to Bob Horton, Britannic House, 1 Finsbury Circus, London EC2.

Margin of error

■ South Africa's ultra-right Conservative Party is fighting for its life in next week's referendum; should it or should it not end apartheid? But one can be forgiven for wondering whether all hearts are really in it; a leading Conservative MP Koos van der Merwe – the party's spokesman on many a television debate - has placed a private bet that his party will lose the referendum by a large margin.

The Johannesburg office of the BBC is running a sweepstake on the poll, which pits the ruling National Party in the "yes" camp, against the Conservatives who urge a "no" vote. Van der Merwe bet that the Yeses would have it, by 58 to 42 per cent.

All in the mind

■ Prize extracts from psychology students' essays, just published by the British Psychological Society, include the following examples:

"College students are unrepresentative of the population as they are above averidge intelligence."

"There were 27 first-year psychology students. There were 18 females and seven males and the sex of two was not known."

"The miracle of anorexia is that one does not have to become a woman, even in the biological sense. This is power indeed."

All for one glass, and one glass for all

Jewish settlements in the West Bank and Gaza are a central Israeli election issue, says Hugh Carnegy

"If I am negotiating with you over a glass of water and all the while you are drinking from it, there comes a point when there is nothing left to negotiate" – Mr Sari Nusseibeh, a senior Palestinian leader in Jerusalem, talking about Israel's settlement of the occupied West Bank and Gaza Strip.

The Jewish settlement of Karnei Shomron, straddling three hilltops in the northern West Bank between the Arab towns of Nablus and Kalkilya, is in a bit of mess these days. There are mud and bulldozers, concrete and cement mixers and ranks of fast-rising new houses – hundreds of them.

Karnei Shomron was established in 1977, shortly after Mr Menachem Begin, the former prime minister who died yesterday, first came to power pledging to settle masses of Jews throughout "the land of Israel". Today, it is home to 4,500 people. But not for long. No fewer than 1,100 dwellings are under construction in the settlement, which, its leaders say, will enable the population to grow to 10,000 by the end of next year.

The settlement is an impressive, but not isolated, example of the growth in Mr Begin's settlement programme in the occupied territories. This initiative has been undertaken over the past two years by the government of Mr Yitzhak Shamir, the prime minister and successor to Mr Begin as leader of the right-wing Likud party.

Mr Ariel Sharon, the housing minister, makes no secret of the intention to complete what Mr Begin started by settling so many Jews in the West Bank and Gaza that the Palestinian aim – of reclaiming the land lost in the 1967 Six Day War through the current Middle East peace talks – is rendered impossible.

But the government's zeal for explosive settlement growth is coming under fire in the campaign for the June 23 general election.

The opposition Labour party under Mr Yitzhak Rabin, its newly elected leader, is accusing the Likud party of endangering the country's long-term stability and prosperity through its ideological and economic commitment to the settlements.

For months, the US administration of President George Bush has been pressing Mr Shamir to freeze the settlements, calling them an obstacle to the peace process. Mr James Baker, the US secretary of state, has refused to give the go-ahead for $10bn in loan guarantees requested by Israel to help it settle hundreds of thousands of Jewish immigrants from the former Soviet Union unless settlements are curbed.

So far, this US strategy has not worked. In the metaphor of Mr Nusseibeh, the Palestinian negotiating team's research co-ordinator, Mr Shamir has gone on gulping from the glass of water as fast as he can swallow.

Mr Sharon said last month that 22,000 houses had been under construction since 1990 in the West Bank and Gaza, twice the previously existing number. The Jewish population in these areas has risen to about 100,000 from about 60,000 five years ago and from fewer than 10,000 when Likud came to power in 1977.

Half the land in the West Bank and one third of Gaza have been designated for Israeli use. The government plans to double the Jewish population within a few years. These figures do not include the 120,000 Jews living in Arab east Jerusalem, also captured in 1967, where large-scale expansion is also under way.

Ms Sondra Baras, an immigrant from Cleveland, Ohio, a decade ago and now spokeswoman for Karnei Shomron, says the word "settlement" has become a misnomer. "It conjures an image of small outposts of mobile homes and a few people. Actually what you have now are towns and cities. You cannot just evacuate and hand back towns and cities. You can't just toss out hundreds of thousands of Jews."

However, a significant part of Israeli opinion has long dissented from the drive to settle. What is different now is that circumstances have combined to make the issue an important election battleground, on which Likud looks vulnerable.

For while the government has been pouring money and energy into the settlements, the economy in Israel "proper" has come unstuck under the weight of immigration.

For four of the five months to February, the economy showed negative growth. Unemployment is almost 11 per cent. Largely as a result, immigration of Russian Jews, an historic Zionist aspiration, has slowed significantly. The solution was regarded to be the large-scale cheap foreign borrowing that would be made possible by the US loan guarantees. But Mr Shamir's stance on settlements has put that in jeopardy.

The Labour party, re-invigorated after a long spell in the doldrums by Mr Rabin's accession, has been quick to offer an alternative. Mr Rabin says he would freeze most settlements, commit the government to giving up most of the West Bank and Gaza in negotiation and thus open the way both to peace and economic recovery.

Mr Gad Ya'acobi, a senior Labour MP and former minister, says Labour's proposal would ensure approval of the US loan guarantees. It would save the Shk3bn ($1.3bn) a year currently being spent on the settlements which Labour would freeze. And, according to Mr Ya'acobi, the proposal would be worth a further $4bn a year to the economy – the result, for example, of the lifting of an Arab boycott on trade with Israel. (Some Arab countries have said they will end their boycott if there is a settlement freeze.)

These estimates may be inflated, but Mr Ya'acobi's main point remains. "The main popular issues in the election will be economic and social. Many Israelis are understanding for the first time the link between the ability of Israel to solve these economic problems and the stopping of the settlements and the Likud policy on peace and security," he says.

From the point of view of the Palestinians, who see the Likud settlement drive as the biggest threat to their aspirations, a Labour success in the election would be welcome, but not unreservedly so. Labour, after all, was the party in power when the settlement effort began after 1967.

Mr Rabin has been careful to distinguish between those he calls "political" settlements, which he would halt, and those he designates vital to Israel's security, which he would not. The latter category includes those of the Jordan Valley, those around Jerusalem, including Ma'ale Adumim, the biggest of all settlements, and all in east Jerusalem – a far cry from Palestinian demands for a complete freeze.

What is more, many Israelis believe that the existing level of settlements – ironically built by up to 20,000 Palestinian labourers – is such that it has already precluded any realistic chance of an Israeli withdrawal from the territories.

Some of the settlers themselves, however, do not see it that way. They have heard even Mr Shamir say that, although he opposes any change in their status, the settlements will eventually be the subject of negotiation.

One settler, Ms Andrey Gerber, in Karnei Shomron readily admits to being worried about their future status. "Everything is up in the air right now," she says. Her friend, Ms Drora Golloway, agrees: "Whatever government takes over, I'm worried about what will happen."

Ms Sondra Baras adds: "We no longer feel they are going to raze us to the ground, things have gone too far for that. But there is an insecurity – that we will stay here but not feel secure; that the Arabs would get more control over our lives than we think is safe."

What they worry about is that the current peace negotiations – especially under a Labour government – could lead to a deal under which Jews are allowed to stay in their settlements, but under the jurisdiction of a Palestinian authority.

The Palestinian stance is that all the settlements should be evacuated and repopulated with Palestinian refugees. But Mr Nusseibeh admits that some arrangement under which the settlers would stay could be acceptable, as long as they were under Palestinian administration. The Palestinian hope would be that a lack of motive to stay and financial incentives to leave would lead to a shrinkage in settler numbers.

So far, however, the peace talks that began in Madrid last October have come nowhere near such an arrangement. The Likud proposal to date is that the settlers would remain firmly under Israeli jurisdiction, out of the scope of the limited offer of Palestinian autonomy.

All eyes, therefore, are on the June election to see if the Israeli electorate will dictate a change. Mr Nusseibeh says: "In order to proceed, we have to have either a change in the position of the Israeli government, or a change in the government itself."

Joe Rogaly

Mr Major's error

Forget "Welsh windbag". The way things look this morning, we may be about a month away from calling Mr Neil Kinnock the new Welsh Wizard. He is already credited with wizardry because he has converted what only three or four years ago was a ragbag of far leftists, unilateralists, xenophobes, and economic illiterates into a Labour party that looks electable. Of course, in that endeavour he had the assistance of Mrs Margaret Thatcher. Her triumphs frightened Mr Kinnock and his party; they were obliged to change. No matter. The effect is the same. The Labour leader scents victory. As is the way of British politics, many of Mr Kinnock's present detractors will fawn upon him if he becomes prime minister.

That this might come to pass as the result of a hung parliament is one reason why I am beginning to imagine that he may be using magic potions, or casting spells. He must be jinxing his principal opponent. It is difficult to think of any other explanation for Mr John Major's unfortunate timing of the election. Win, lose or draw, there has to be a question mark over either his ruthlessness or his strategic judgment.

Think about it. He might have gone to the polls immediately after his selection by his party's MPs in November 1990, and won, or he might have coldly asked for a verdict while at a peak of popularity at the end of the Gulf war, and won, or he might have tried summer last year, or February this year, and stood a better chance of winning than he appears to do today. (I thought he would lose if he went last November. Some of his close colleagues disagree.)

This is too bad. An incumbent prime minister is theoretically in possession of an advantage over the opposition. He or she can decide the date of an election. President Bush must envy this British device. He would have romped home last spring. But he could not have conducted his campaign for re-election immediately after the Gulf war even if he had wanted to. The US constitution does not allow such merciless opportunism. As a result, Mr Ronald Reagan's heir looks surprisingly vulnerable.

On this side of the water, Mr Major had a rare opportunity to overcome the disadvantages of being heir to 12 years of Mrs Margaret Thatcher. He failed to grasp it. The war could have seen him returned with a comfortable working majority. Now the Conservatives may have to fight hard even to become the largest party in a hung parliament.

The prime minister had the best of motives. He did not go in December 1990 because the poll tax was still in place, people did not know him, and the war was imminent. He stayed his hand in the early spring of 1991 because, understandably, it seemed improper to exploit the war – and, anyway, the wounds caused to his party by the departure of Mrs Thatcher were not yet healed. He declined to call an election later in the year because he had pledged himself to see the Maastricht negotiations on the future of the European Community through to a successful conclusion, which he did.

The prime minister made the mistake of believing his own Treasury's forecasts

That said, he made one supreme, and possibly fatal, strategic mistake. He believed the forecasts of his own Treasury. Along with many others he took the view that the end of the recession would have started by now, that people would feel the beneficial effects of the upturn, and that in consequence he could safely wait until this April or May before naming the date. I was myself susceptible to this rosy conventional wisdom at various times last year, but a prime minister, particularly one who has served in the Treasury, is supposed to know better.

Mr Major did not. He is therefore on the brink of calling an election at a time when the slight advantage in the latest few opinion polls is Labour's. Governments usually lose or just hold on to support between the date of the announcement of the election and voting day. In 1983, the Conservatives gained a point, if you assume that they started with an average of the six polls taken immediately before the campaign began. In 1987, they lost a couple of points to the alliance of Liberals and Social Democrats. If that precedent holds true this time, the Conservative overall majority will vanish, and we will have an interesting parliament.

There is no rule that would prevent Mr Major from postponing the contest until the end of June or the first week in July. The difficulty is that he is circumscribed by public expectations. He would be derided as scared if he gave a later date now. Here again, it is he who has boxed himself in. There are plenty of telling examples of previous prime ministerial tribulations (Callaghan in 1978-79 for one) which should have warned him not to get into such a pickle. But he is in it now.

The Tories' last hope is that they will be rescued by this afternoon's Budget. They may be, but if not, Mr Major's choice of spokesman is likely to be questioned. I have deliberately used the word "spokesman" and not "chancellor" because it is as the purveyor of a party political broadcast that Mr Norman Lamont will be judged this afternoon.

What he has to offer us in the way of tax cuts and talk of an end to the recession will be the principal selling point of the Tory case for re-election. For all I know, Mr Lamont may have produced the wisest set of public accounts of the present century, but it is how he presents them that will matter. On this aspect of the occasion, you will appreciate my doubts by imagining, say, Mr Nigel Lawson delivering the same speech.

It may seem right to report back in different vein tomorrow. We may see a brilliant, nay, miracle, Budget this afternoon. Mr Lamont may show faint stirrings of unprecedented oratorical ability. We can then expect a stunning campaign, and the rescue of the Tories. Just do not ask me to believe it this morning.

LETTERS

Names place their hopes on Walker inquiry

From Sir David Berriman.

Sir, In response to Val Powell's letter (March 7), the majority of our members wish to see Lloyd's thriving in the future.

The excessive losses incurred in 1988 by a few of the syndicates writing London Marine Excess of Loss (LMX) Risk, with themselves being inadequately reinsured, are likely to be repeated in 1989. In addition, many of our members were encouraged by their agents to allocate a disproportionate amount of their underwriting to LMX syndicates.

Unless such Names can recover a significant sum from litigation, their resources will be wiped out and they will be unable to trade their way out of the situation. These Names are angry and disillusioned. It would be surprising if they did not feel that Lloyd's had failed them, and they are placing their hopes on the reports to come from Lloyd's Loss Review Committee and from Sir David Walker's inquiry into the LMX market.

It is to be hoped that Lloyd's will put pressure on obtaining a quicker and cheaper resolution to any litigation that may ensue than occurred in the Outhwaite case.

Lloyd's should also consider new arrangements to protect Names, perhaps by requiring all agents, member and managing, to subscribe to a central Errors and Omissions policy with centrewrite which could overcome some of the problems that the present arrangements have exposed.

Sir David Berriman,
chairman,
Names Action Group,
125 Uxbridge Road,
London W12 3NL

Contradiction seen in UK trade policies

From Mr Michael A Samuels.

Sir, Observers of trade policy, the Uruguay Round negotiations at the General Agreement on Tariffs and Trade, and "EC-92" might be baffled at the contradiction between the UK's traditional preference for liberal trade policies and its policy and actions on bananas.

It is easy to understand the historical roots at the pressure for protection. Those roots are largely driven by post-colonial concern, especially for the Windward Islands and Jamaica, which have been allowed to base much of their economies on a false security that has depended on protection and by the political influence and wealth of a few importers who have reaped high profits through their monopoly positions.

Loud voices in the UK still cry out for a perpetuation of this privileged access in the face of efforts in the Uruguay Round to end similar preferences. What seems to be forgotten is that the current preferences are the remnants of practices that are clearly illegal under the Gatt.

A 1973 Gatt Dispute Panel examined "Dollar Quotas" maintained for several products by the UK. As a result of the panel's preliminary report, the UK agreed to eliminate the quotas under review. Specifically, quotas on rum, various citrus fruits and products, and cigars were terminated within two to four years.

Unfortunately, bananas, one of the commodities in the original complaint by the United States, were eliminated from the complaint because the US did not have an export interest in bananas.

There is no doubt, however, that the quotas on bananas were as Gatt-illegal as those removed on the other products. That illegality remains in spite of the EC's Lome Agreement commitments.

Had history not excluded bananas in 1973, the EC would have less of a dilemma now and the UK would find itself in less of a contradictory position.

It is to be hoped that UK policymakers and their EC colleagues will not seek Gatt-illegal solutions to their banana dilemma.

Michael A Samuels,
Samuels International,
1912 Sunderland Place NW,
Washington DC

'No enormous salary' for Branson

From Mr Richard Branson.

Sir, You quote me as saying, in your Thorn/Virgin article ("Thorn EMI pays £510m for Virgin Music", March 7): "I get a really enormous salary, but I won't tell you what it is."

If I had been getting a really enormous salary, I hope it would have been out of character to have said so. As it is – Thorn shareholders will be pleased to know – I chose to take no salary, and my statement was made, glancing at Colin Southgate, with a twinkle in my eye!

Richard Branson,
chairman,
Virgin Group,
120 Campden Hill Road,
London W8

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

'Management fads' show high rate of failure

From Mr Malcolm Graveling.

Sir, The debate in your letters column stimulated by Christopher Lorenz's article on systems thinking and the learning organisation ("Bending minds to a new learning circle", Management, February 17), is in danger of becoming a chronicle of current "flavour of the month" management concepts.

The problem with all new management concepts is their alarmingly high failure rate. Mr Lorenz's article touched on the the reason for this: "companies will rush to adopt [management fads] in a half-baked way".

Simon Greenly (Letters, March 2,) refers to a survey – produced by A.T. Kearney and reported by Paul Taylor ("Such an elusive quality", February 14) which provides facts on why 80 per cent of total quality programmes fail. It is because management fails to set challenging but achievable goals or target tangible benefits.

In our experience, this failure is common to many improvement programmes, not just total quality.

Most companies focus on applying the technique, not on the benefits it provides. Successful companies focus on the benefits of using the technique as the tool in their armoury for change.

The evidence shows you don't need to be a learning or total quality or any other kind of organisation to improve – jump on a bandwagon and you may get taken for a ride.

Malcolm Graveling,
vice-president,
A T Kearney,
130 Wilton Road,
London,
SW1V 1LO

Mortgage interest tax relief and the imbalance in Britain's cities

From Mr Adrian Jack.

Sir, Your leader ("Future of tax reform", March 4) repeats the conventional wisdom that the deductibility of mortgage interest on domestic properties is undesirable, because it distorts the tax system in favour of purchasing residential property, and against other forms of investment.

Abolishing mortgage interest relief would, however, distort the British property market even more than at present, because business premises would be unfairly favoured over domestic accommodation.

Businesses typically rent property for themselves. The rent paid is a tax deduction, which attracts relief often at 35 or 40 per cent. The landlord frequently is a pension fund, which pays no tax on rent receipts. The real after-tax cost of land use to businesses is thus less than for homeowners, whose tax relief is limited to 25 per cent of £30,000, and much less than for those who rent their homes, who receive no tax relief at all.

Not surprisingly, the result is that businesses are able to pay more for their premises than householders. The consequence of this imbalance can be seen from the way vast swathes of British cities have become bereft of residential accommodation. It is only by non-market means (eg the planning system or housing associations) that areas like Covent Garden in London retain any residents at all.

Only by increasing tax relief to householders will a level playing field be created between business and domestic use of land.

Adrian Jack,
2 Paper Buildings,
Temple,
London EC4Y 7ET

FINANCIAL TIMES
Tuesday March 10 1992

Harsh lesson for a small German town

Christopher Parkes reports on a study in post-communist trauma

THE dirty little town of Apolda lies slumped in a trough between the earthen waves thrown up by the former communist farming combines of north-east Thüringia. This is no resurrection showpiece to be paraded before touring worthies and would-be investors. There are no grand projects in Apolda. No tower cranes to match those stalking the skylines of nearby Erfurt, Weimar and Jena.

Apolda is a small town in eastern Germany. Its 28,000 inhabitants, like millions of others in the former German Democratic Republic, are learning hard economic lessons in the post-communist world.

In the centre of the town, where the coat of lignite soot is thickest, cobbled roads lead past tumbledown houses and silent factories. A mucky stream trundles along, nibbling at the brickwork of the brewery wall. Beyond the wall, however, there are gleaming new boilers, mash tuns and bottling lines.

Mr Günther Ramthor, new managing director of the Apoldaer Brewery, was works director "before the change". Now he employs 68 where there were once 110. Mr Ramthor and his three partners have invested DM2.5m ($1.52m) since they bought the plant on All Fools' Day last year from the Treuhand privatisation agency. Since then, they have seen production drop 30 per cent as freedom from communism brought freedom of choice and an invasion of advertised brands from the west.

Mr Ramthor has also seen more than 20 would-be western buyers, and shown them the door, refusing to sell. Sales of Apoldaer are rising again. New markets have been opened in Saxony and Lower Saxony. "People are beginning to understand the importance of regional and local businesses," he says.

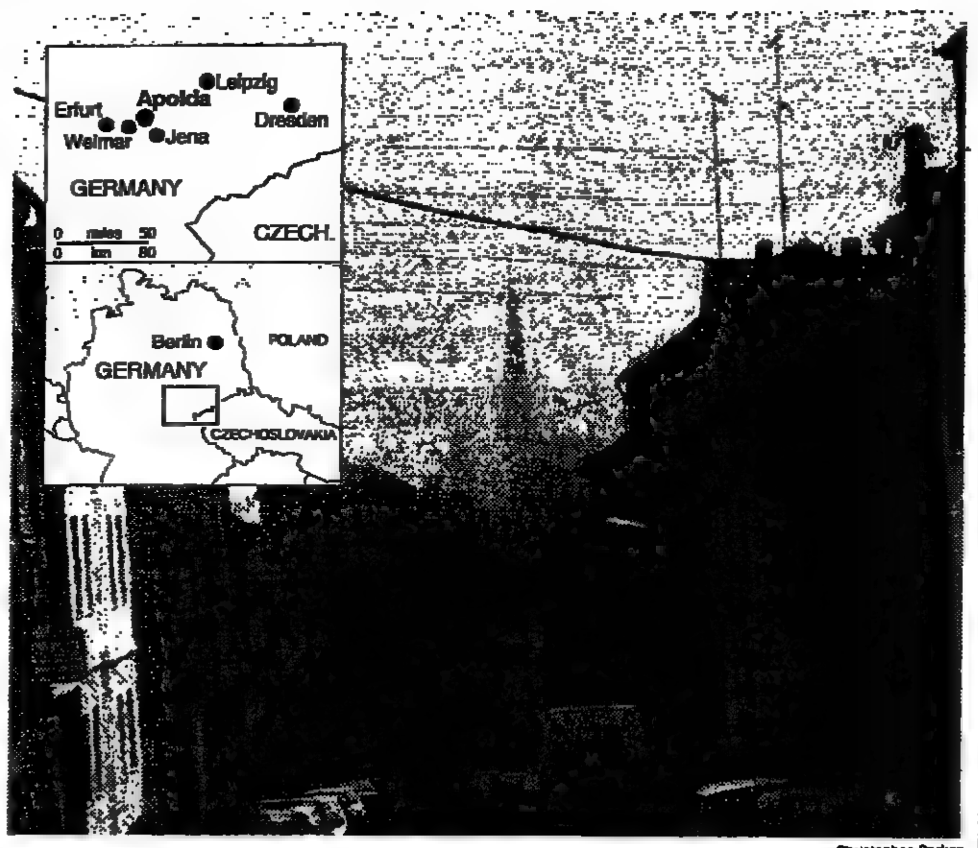
Officially there is 25 per cent unemployment in the town, but the real figure is 50 per cent. Half are still hidden by Bonn-funded projects such as the job creation scheme which for a day last week occupied three young men, overseen by two others, in painting a pedestrian crossing.

Apolda's knitting industry, which employed 8,000, now has 800 workers. The farming workforce has been halved. The chemicals works has collapsed, like the leather goods factory and the precision engineering plant which once made parts for Soviet timepieces.

Many new shops have opened in the past year, and while many have since closed, shops are still the most apparent alternative employers.

Mr Ramthor says people are learning. "In economic terms they must first master the bicycle and work their way up to the Airbus. All agree it will take longer than the politicians say, but everything will come good eventually, because people now know they must do it for themselves."

Early waves of optimism and opportunism swept through the town and left behind confusion and disenchantment. A dozen town-centre shops which opened in the first months of unification have closed. Carpetbaggers set up an environmental engineering business, ran up DM2m in debts and disappeared. The collapse last year of plans for a car components manufacturer to employ 4,000 taught a hard lesson.



A view towards the centre of Apolda, in Thüringia, where streets are coated with soot

Jobs do not come to a place like Apolda by the thousand. The reality is work for 50 former clock engineers making water meters for a western company, Hydrometer. Reflexite, a US optics concern, and the town's only foreign investor, has opened a workshop employing 16.

Buried below the skyline 35km from the autobahn, and with no expectations of an early link, Apolda has developed its own ideas. Calls for aid to be redirected into building a Mittelstand – a core of small and medium-sized private businesses, like the successful post-war project – have yielded favourable echoes in Erfurt, the state capital.

Regional planners, faced with more pressing challenges in Thüringia's bigger black-spots, want the Apolda area declared an agricultural zone, and to be done with it. But the community wants more. "The population is industrially orientated," says local journalist Mr Joachim Henniger. "For people to be asked to go back to the land goes against history and everything people were taught in the GDR time."

Plots are being marked out on the town's outer limits for industry parks to house yet-to-be-found businesses. Logic and local ambition, according Mr Henniger, dictate that these will process, pack, market and dispatch produce from the surrounding acres. Apolda is ready to transform itself from a satellite workbench for the old command economy into a vertically integrated food processing economy.

Most of the materials are to hand. First foundations comprise the 5,500 hectares of the Pfiffelbach farming co-operative. The communist ZBO agricultural combine was broken up and returned to its former owners, who created a commercial group. The group has carved out the poorer land and sold chunks of it to industry park planners. There are experienced businessmen like Mr Ramthor, able to attract working capital. And there are people like Mr Dietmar Scheunert, one of several hundred skilled workers from the now-closed ZBO workshops, doggedly fending for themselves.

Patience is as plentiful as industrial cycles are long in Apolda. David der Strickersmann brought the knitting industry here in 1593 and market forces swept it away in 1991. The land remains. On the road out, the endless black acres, which will soon be green with potatoes, wheat and malting barley and hops for Mr Ramthor, do not seem quite so threatening as on the road in.

THE LEX COLUMN

Blunting Lamont's cutting edge

In theory, yesterday's consumer credit data and today's expected good news on producer prices should be ample excuse for an interest rate cut to accompany today's Budget. In practice, the chance appears remote despite signs of restiveness elsewhere in Europe. The Belgian central bank hinted yesterday that both it and the Netherlands are contemplating cutting rates below those of Germany.

The latter in particular could justify such a move on the strength of both its fiscal and its inflation record. The Belgian and Dutch currencies are both stronger than the D-Mark within ERM, though neither country is likely to rush in with dramatic cuts. For the UK to join the experiment, moreover, would require France to move as well. The Franc is weaker than the D-Mark and it is still smarting after trying unsuccessfully to beat German rates last autumn.

Assuming the election is to be on April 9, timing is also of the essence. In 1974 the old minimum lending rate (mlr) was cut after the election was called, but then it was set in response to an automatic formula and base rates did not follow. In 1979, mlr was cut to deter currency inflows, but parliament had not actually been dissolved. There is no reason to believe that the convention of leaving interest rates alone during the campaign has died with membership of the ERM – at least not where cuts are concerned. The same might not be true of an increase to defend the exchange rate if the market really took fright at the polls.

Persimmon

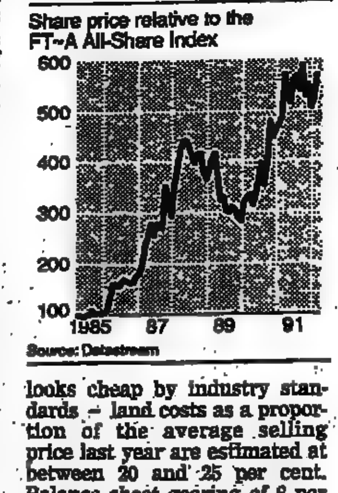
It is a striking sign of the times that Persimmon's £270m market capitalisation is roughly equivalent to those of Costain and Barratt Development combined. The once mighty have fallen, of course. But investors have chased Persimmon shares to the point where they now yield a fifth less than the market average. Has the enthusiasm been overdone?

Admittedly, there was little to disappoint followers in yesterday's news that pre-tax profits dipped 23 per cent in 1991. Falling house prices naturally hit margins, but the underlying position remains enviably strong. Persimmon has bought 5,000 housing plots over the last 12 months, which leaves it with a supply of land sufficient for four and a half years. More to the point, the land bank

FT-SE Index: 2,550.7 (+17.6)

Persimmon

Share price relative to the FT-A All-Share Index



Source: Datastream

looks cheap by industry standards – land costs as a proportion of the average selling price last year are estimated at between 20 and 25 per cent. Balance sheet gearing of 8 per cent provides further flexibility to pursue the strategy of a volume player, though that figure is somewhat flattered by sizeable land creditors.

One could easily be alarmed by acquisitive noises in yesterday's statement, given Persimmon's sensible and level-headed emphasis to date on organic growth. But perhaps such a reflex was inevitable after Raine's takeover of Walter Lawrence, and will quickly pass. The more worrying issue for the shares is just how fast earnings can resume their upward path, given the prospects of low asset price inflation in the 1990s. Persimmon's volume trend is capable of putting the company into, say, the Beazer league in the foreseeable future, but investors would be wise not to exaggerate the potential margin uplift.

MTM

The recent behaviour of MTM and its advisers is a little disturbing. When the specialist chemicals company made a profits warning last week, its efforts to blame an accounting quirk rather than the recession helped limit the markdown in its shares to a mere fifth of their value. Yesterday MTM offered the more damaging opinion that, after all, there might be a significant fall in trading profits separate from any accounting matters. The market's reaction – the shares ended 42 per cent lower – was understandably severe.

While last week's promise of a 10 per cent dividend increase must already be in danger, the most pressing issue is why the trading position was revealed so belatedly. It is scarcely conceivable that MTM's senior managers were unaware of difficulties, even if a serious problem only emerged during the fourth quarter. The position of Robert Fleming, MTM's main adviser, is equally awkward: if it did not know, then arguably it should have.

Investors are left with the hope that there has been nothing worse than a lack of disclosure for which MTM has now paid a heavy price. They might also reflect that they were warned. When MTM was floated in 1986, sceptics noted that it was difficult to identify where stated profits came from. That reservation was subsequently overshadowed by a sextupling of its market capitalisation to £250m, masterminded by the go-ahead and acquisitive management of Mr Richard Lines. Whether he can now continue to combine the offices of chairman and chief executive is an open question.

San Paolo di Torino

Istituto Bancario San Paolo di Torino seems to have involved so many advisers in its L1.525 trillion equity offering that objective views in the market are few and far between. That is a pity because the price of L12,200 a share looks dear, even though it is at the low end of previous indications.

There is no doubting the quality of the bank or its ability to exploit liberalisation of Italy's antiquated financial system, but Italian bank earnings are likely to be hit by economic downturn this year. Even on an optimistic assessment of 1992 prospects, the shares are being offered for a forward multiple in excess of 11. That compares with a ratio close to 8 for Credito Italiano and Banca Commerciale Italiana.

The low multiple of the latter two partly reflects weakness of their share prices as investors made room for the San Paolo offering. Doubtless institutions buying to build up a weighting in the stock will console themselves with the thought that the offer price is also close to net asset value after the revaluation of property and other assets allowed under the Amato law on bank reform.

Mediobanca is expected to stabilise the market in the wake of the flotation, but it will be a while before the bank lives up to the demands of the offer multiple. In the meantime, the yield on Italian government bonds is some 8 percentage points higher.

US bankers to advise Russia over reforms

By Alan Friedman in New York and Andrew Gowers in London

MR Gerald Corrigan, president of the Federal Reserve Bank of New York, is leading a delegation of senior US bankers to Moscow this week to advise the Russian government on financial reform and direct foreign investment.

The visit marks an intensification of Mr Corrigan's informal role in helping President Boris Yeltsin and his advisers to restructure and modernise Russia's banking system and financial markets.

The New York Fed chief will participate with 15 executives from banks such as J.P. Morgan, Citibank, Bank of America, Chemical Banking and Chase Manhattan in the latest in a series of symposiums aimed at finding new ways to stimulate more direct foreign investment in Russia.

Although Mr Corrigan cannot act as an official adviser to Mr Yeltsin, the two men are understood to have developed a close personal rapport that is resulting in growing assistance for Moscow from New York Fed officials.

Meanwhile Mr Paul Volcker, the former Federal Reserve Board chairman, has been invited back to Moscow on March 21 to discuss with Russian officials his possible role as an adviser on banking and economic reform.

It is understood he may help the Russian government in its relations with the Group of Seven industrialised nations, and in particular advise on the restructuring of Russia's external debt of more than $60bn.

This week's Moscow visit by Mr Corrigan – with presentations to be made by the American bankers to about 100 Russian government and parliamentary officials as well as directors of state enterprises – stems from a dinner he hosted for Mr Yeltsin in New York on January 31.

That occasion brought together 25 Russian government officials and a US group composed of 10 Federal Reserve officials and corporate and banking executives.

Mr Corrigan is expected to open the Moscow meeting on Thursday. Among the issues likely to be covered will be mergers and acquisitions, debt trading, privatisation and the raising of funds on international capital markets.

Leyla Boulton adds from Moscow: Representatives of the former Soviet republics are due to meet in Moscow in Thursday to try to hammer out a compromise for repaying a foreign debt exceeding $60bn.

Such a compromise, aimed essentially at reconciling Russia and Ukraine, would involve altering the status of the institution through which foreign debt repayments are to be made.

Ukraine, the second richest republic, is refusing to pay its share of the debt through the Moscow-based Vnesheconombank. At a meeting in Kiev two weeks ago it also persuaded other republics, except Russia, to join its appeal for Vnesheconombank to be withdrawn from Russian jurisdiction.

Also on Thursday, officials from republican central banks are due to begin a meeting to try to hammer out a common credit policy.

Russia, which holds most of the cards as long as the rouble remains the common currency, wants republics to agree to common limits on the issue of credit and other guidelines.

Editorial Comment, Page 20

Call for British pensions industry to be reformed

By Norma Cohen, Investments Correspondent, in London

SWEEPING reform of Britain's pensions industry in the wake of the Maxwell pensions scandal was demanded yesterday by a parliamentary committee of members from all parties. The committee added that financial institutions which bankrolled Maxwell have a moral obligation to help thousands of pensioners defrauded in the affair.

The report of the Select Committee on Social Security blamed regulators, financial institutions and professional advisers for failing to spot "stealing on a massive scale" from the schemes run by the late Mr Robert Maxwell.

Of its own hearings, the committee said: "Pontius Pilate would have blushed at the spectacle of so many witnesses washing their hands in public before the committee of their responsibilities in this affair."

The committee, whose report met with a cautious response from the industry and regulators, recommends that a top-level commission be established to write a new pensions act to replace the trust law which has governed pension fund activities for decades.

It also urges greatly expanded powers for the Occupational Pensions Board (the quasi-governmental body that oversees some aspects of pension operations), tighter rules on the custody and transfer of pension fund assets, greater disclosure requirements and the establishment of a compensation scheme for pensioners.

The committee stops short of recommending government aid for defrauded pensioners, but says that financial institutions which bankrolled Mr Maxwell now have a moral responsibility to help out.

The report says that banks which received pension fund assets as collateral for their loans to Mr Maxwell have a moral obligation to return them, while some US investment banks – which it does not name – which bought Maxwell Communication Corporation shares in an alleged share support scheme must help make up the shortfall.

However, it fails to address the thorniest issue for pension funds – of whether surpluses belong to beneficiaries or employers. Committee members urged that this question be settled by the commission it wants set up to reform pensions law. It was Mr Maxwell's legal use of the pension fund surpluses, sanctioned by actuaries, accountants and solicitors, that first led to concern.

The report criticises in particular the Investment Management Regulatory Organisation (Imro) the self-regulatory body for the fund management industry, for its weakness in overseeing Mr Maxwell's in-house pension fund management company, Bishopsgate Investment Management.

The report castigates the system of self-regulation for the pensions industry, as "little short of a tragic comedy", noting that self-regulation only works for those who need regulation least. It recommends that oversight of pension fund managers be removed from Imro and become the responsibility of a new, more powerful Occupational Pensions Board.

Mr John Morgan, Imro chief executive, believed the committee had come out with a "fair and sensible report considering the time constraints" but he disagreed with its characterisation of self-regulation.

Sir David Walker, chairman of the Securities and Investments Board, which supervises Imro, said a review of financial regulation was already underway.

Editorial comment, Page 16

UK to lower export insurance premiums

By David Dodwell, World Trade Editor, in London

UK government-backed export insurance premiums for sales to about 50 markets are to be cut by up to 50 per cent. The move will be regarded by many of Britain's leading exporters as a significant climbdown in a long-standing row over the cost of export credit cover.

Mr Tim Sainsbury, minister of state for trade, revealed in a parliamentary answer session yesterday that the first annual review of insurance premiums based on the controversial Portfolio Management System (PMS), which closely relates premium to risk, has made it clear "that current premium rates need adjusting to reflect changes both in trading patterns and in the creditworthiness of various markets".

It is understood that rates for Singapore and Venezuela are to be cut by almost a half, while rates for Thailand, Malaysia, Hungary, Colombia, Mexico, Iran and Oman will fall by about 40 per cent. Premium rates for Hong Kong and South Africa will be cut by around 20 per cent.

The changes in the rates are due to come into effect on April 5.

Mr Sainsbury said the cuts were the result of a normal annual procedure under which PMS is reviewed.

He pointed to four factors which make the cuts possible: economies had performed better than expected; economies in the Third World were being managed better; the balance of business being done by exporters in low-risk markets was greater than expected; export credit agencies in other countries had moved more slowly than hoped in raising premium rates to bring them into line with the UK.

The PMS system was imposed by the Treasury on the Export Credits Guarantee Department in May last year. The government-controlled ECGD provides medium and long-term insurance cover for exporters against the risk of non-payment. PMS was aimed at imposing a stricter discipline in linking the cost of export credit cover with the level of risk involved in a contract.

It resulted in steep increases in the cost of export insurance, and led to a deluge of protests from contract exporters who insisted it gave overseas competitors an unfair price advantage.

It was also thought to be linked with the sudden resignation in autumn of Mr Malcolm Stephens, who had been the ECGD's chief executive.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	15	59
Algiers	T	12	54
Amsterdam	C	9	48
Athens	F	10	50
Bahrain	F	24	75
Bangkok	F	34	93
Barcelona	C	14	57
Beijing	S	10	50
Beirut	S	14	[illegible]
Belfast	R	[illegible]	46
Belgrade	S	10	50
Berlin	S	10	50
Biarritz	C	12	54
Bombay	S	27	81
Bordeaux	C	13	55
Boulogne	F	9	48
Brussels	C	8	48
Budapest	S	10	50
Buenos Aires	[illegible]	31	88
Cairo	F	18	64
Cape Town	[illegible]	27	81
Caracas	F	28	82
Casablanca	[illegible]	17	63
Chicago	C	13	55
Cologne	F	[illegible]	54
Copenhagen	S	6	43
Corfu	F	12	54
Dallas	F	16	61
Dublin	C	11	52
Dubrovnik	–	–	–
Edinburgh	R	9	48
Faro	S	21	70
Florence	S	13	55
Frankfurt	S	11	52
Geneva	S	12	54
Gibraltar	S	17	63
Glasgow	R	9	48
Helsinki	Fg	1	34
Hong Kong	F	15	59
Innsbruck	S	13	55
Inverness	F	9	48
Islamabad	F	24	75
Istanbul	F	7	45
Jakarta	R	30	86
Jersey	S	10	50
Johannesburg	S	27	81
Lima	[illegible]	28	82
Lisbon	[illegible]	16	61
London	S	10	50
Los Angeles	F	12	54
Luxembourg	S	11	52
Madeira	F	19	66
Madrid	S	13	55
Majorca	F	14	57
Malaga	[illegible]	[illegible]	[illegible]
Malta	R	12	54
Manchester	F	9	48
Manila	F	33	91
Melbourne	S	22	72
Mexico City	F	30	86
Miami	S	22	72
Milan	S	12	54
Montreal	[illegible]	-1	30
Moscow	C	-3	[illegible]
Munich	S	11	52
Nairobi	F	28	[illegible]
Naples	S	15	59
Nassau	F	29	84
New Delhi	[illegible]	26	79
New York	F	9	48
Nice	S	15	59
Nicosia	F	15	59
Oporto	S	18	64
Oslo	C	4	39
Paris	C	10	50
Prague	S	8	46
Reykjavik	F	1	34
Rhodes	F	13	55
Rio de Janeiro	C	38	100
Rome	F	15	59
Salzburg	S	13	55
San Francisco	C	13	55
Seoul	S	11	52
Singapore	F	32	90
Stockholm	S	9	48
Strasbourg	S	12	54
Sydney	F	24	75
Taipei	C	18	64
Tangier	F	19	66
Tel Aviv	S	13	55
Tenerife	S	24	75
Tokyo	C	14	57
Toronto	C	3	37
Tunis	C	14	57
Valencia	[illegible]	15	59
Venice	S	12	54
Vienna	S	10	50
Warsaw	S	9	48
Washington	S	11	52
Zurich	S	13	55

Temperatures at midday yesterday. C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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COMPANIES & MARKETS
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INSIDE

Porsche cuts costs to stay in the black

Porsche, the German luxury sports carmaker under pressure from a steep decline in profits, is managing to stay in the black by cutting costs, said Mr Arno Bohn, chief executive. Porsche is putting 4,000 of its 9,000 employees on short-time working up to June and cutting its production workforce by 550 people. Page 20

Spotlight falls on Rhône-Poulenc

Rhône-Poulenc's announcement that the French state would probably reduce or even sell its entire 56.9 per cent stake, has cast an unaccustomed spotlight over the performance of the world's seventh largest chemicals company. However, while Mr Jean-René Fourtou (left), group chairman, may be able to persuade the government to sell its stake, he may find he has his work cut out convincing private investors to buy it. Page 23

Goodbye to silver stocks

Silver stocks, now at record levels, could be eliminated by the year 2000, according to Mr Richard Osborne, chairman of Asarco, the US integrated metals producer. He said 1991 was the sixth consecutive year of growth for silver consumption and the second year in a row in which consumption had exceeded supply. Page 20

Citibank seeks global role

Citibank is to combine its US and international asset management businesses into a new global division with total assets of more than $55bn. Mr Richard Braddock, president, said that in merging the investment activities into one unit the bank hopes to become "a formidable force – one of a handful of truly global investment firms". Page 22

World equities weaken

Global equities eased last week in spite of Wall Street reaching a record high on Tuesday. The US and Japan suffered falls of around 2 per cent, leaving the FT-A World Index 1.7 per cent lower on the week in local currency terms. Back Page

Saatchi loses its clout

The kind of clout the Saatchi brothers once enjoyed has gone and business is tougher to get. Today Saatchi – the world's second largest marketing services group – will announce results for the 15 months up to the end of December 1991. Analysts are predicting group losses of up to £50m ($86m); that figure is probably optimistic. Page 27

Persimmon's 'encouraging start'

Pre-tax profits at Persimmon, the UK housebuilder, fell 23 per cent drop to £22.26m ($38.3m) but Mr Duncan Davidson, chairman, said that the group had made an encouraging start to the current year. Page 28; Lex, Page 18

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Chief price changes yesterday

FRANKFURT (DM)

Rises			
Aachen Mch	880	+	15
Lahmeyer	855	+	18
Philips Kommun	570	+	10
Falls			
DLW	520	–	7.5
Porsche	600	–	10
Rheinmetall Be	292	–	8

NEW YORK ($)

Rises			
BankAmerica	43⅝	+	⅜
Celtrix Pharm	11	+	1
Lotus Dev	33¾	+	⅞
Falls			
Borland Intl	68⅛	–	1⅞
IBM	87⅞	–	1
Mobil	59¼	–	¼

PARIS (FFr)

Rises			
Credit National	1100	+	39
Ecco	420	+	14
Eurafrance	1558	+	75
Exor	1525	+	70
Imm de France	898	+	38
Falls			
SILIC	571	–	18

TOKYO (Yen)

Rises			
Crown	950	+	110
Hitachi Trans	1160	+	80
Falls			
Fuji Kisen	501	–	40
Nippon Steel	480	–	54
Sanrio	1380	–	220
Shin-Etsu Poly	925	–	45

LONDON (Pence)

Rises			
Amstrad	38	+	4
Billam (J)	118	+	10
Clarke (T)	99	+	16
Fairey	385	+	22
GRE	123	+	7
Guinness	909	+	20
Hampden Home	58	+	4
ISA Intl	82	+	6
P & O Dfd	399	+	14
Proteus Intl	261	+	21
Shoprite	389	+	13
Standard Chtd	459	+	10
Storehouse	115	+	5
T & N	117	+	6
Tarmac	125	+	10
UMECO	39	+	4
Wimpey (Geo)	143	+	6
Falls			
Banks (SC)	149	–	11
Boxmore Intl	290	–	10
MTM	119	–	70
Marling Inds	67	–	29
Scholes	112	–	9

Swedish forestry group to reduce debt burden following deal with Sydkraft

SCA sells power unit for SKr11bn

By John Burton in Stockholm

SCA, the Swedish forestry company, yesterday sold its hydroelectric subsidiary, Bakab, to the Swedish energy group, Sydkraft, for SKr11.45bn ($1.9bn).

The deal will substantially reduce SCA's borrowings and strengthen Sydkraft's position in the European power industry.

SCA said its need for hydroelectric power sources had been reduced following a shift from energy-intensive raw pulp production to using recycled fibre for its growing range of value-added wood-based products.

SCA said it would net SKr6.7bn from the Bakab sale, reducing its long-term debt from SKr17.77bn to SKr8.69bn, while increasing its equity/asset ratio from 29 per cent to 47 per cent.

SCA built up its large debt burden in the past few years as it embarked on a corporate acquisition spree through Europe, including the £1.05bn ($1.84bn) purchase of Reedpack in 1990.

In an attempt to reduce borrowings, SCA has already sold several subsidiaries, including the pulp machinery company Sunds Defibrator, and mortgaged half of Bakab's assets to the Swedish government-affiliated National Pension Funds.

That mortgage will be transferred to Sydkraft as part of yesterday's preliminary agreement.

The Bakab sale will also enable SCA to renew its acquisitions thrust and finance current capital investment programmes.

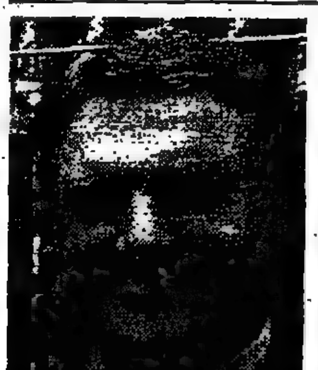
Sydkraft will take over SCA's hydroelectric facilities in northern Sweden at the beginning of 1993 with an initial payment of SKr7.95bn followed by five annual payments of SKr700m.

Sydkraft said its acquisition of Bakab would improve its competitive position as the European electricity market becomes deregulated, providing increased opportunities to sell power across national borders.

Sydkraft plans to provide electricity to the German power group Preussen Elektra, which acquired a 10.5 per cent stake in Sydkraft last year. Bakab accounted for about 9 per cent, or SKr1.10bn, of SCA's 1990 total invoicing.

The addition of Bakab's hydroelectric resources will also reduce Sydkraft's dependence on nuclear power as its main source of electricity generation.

SCA said deregulation of the electricity market in Sweden and the European Community and the opening of borders in Europe had led "to a quickly changing situation" in the power sector.



Bartels: dividend doubts

Bartels to quit as chief of Foster's

By Kevin Brown in Sydney

FOSTER'S Brewing Group, formerly Elders IXL, is expected to announce today that Mr Peter Bartels, chief executive, has resigned following boardroom wrangling over strategy.

He is expected to be replaced by Mr Ted Kunkel, chief executive of Molson Breweries, the Canadian brewing group, which is half-owned by Foster's. However, this was not confirmed.

Mr Bartels' departure comes four months after he survived a boardroom coup by Mr John Elliott, Foster's former chairman and chief executive, who is non-executive deputy chairman.

Mr Elliott sought to recover management control of the company through his private company, International Brewing Holdings (formerly Harlin Holdings), which owns 38 per cent of Foster's. A damaging public row was avoided by a compromise worked out between Mr Elliott and Mr Nobby Clark, Foster's chairman, with the assistance of Asahi Breweries, the Japanese company which owns 20 per cent of Foster's.

Rumours persisted that Mr Elliott was unhappy with the strategy being pursued by Mr Bartels, who was appointed in a management shake-up which followed Foster's record loss of A$1.3bn (US$982m) in 1989-90. Mr Bartels, backed by Mr Clark, had resisted pressure from Mr Elliott for rapid sales of non-brewing assets to help finance a return to dividend payments, which the group suspended in 1990 following a net loss of A$43m.

Mr Elliott sought a capital return to shareholders as part of his efforts to repay debts of A$2.5bn acquired by IBH to finance its shareholding in Foster's. The shares are worth about A$1.65bn at last night's closing price of A$1.92 on the Australian Stock Exchange.

Mr Bartels' resignation is believed to have been prompted by the board's decision to pay an interim dividend for the six months to December, when the group made a net profit of A$77m. Mr Bartels argued for a further delay in resuming dividend payments to strengthen the group's balance sheet. However, the dividend was forced through after the two Asahi directors voted with Mr Elliott.

Raymond Snoddy reviews the turnround at the satellite TV group

BSkyB claims trading profit for first time

BRITISH SKY Broadcasting, the six-channel satellite television company, yesterday celebrated a symbolic turning point – its first modest trading profit ahead of schedule.

In March, the satellite company said it would have weekly film subscription revenues of £3.8m ($6.7m) plus £1m from advertising and other sources. Weekly programme costs and overheads would be £4.7m leaving a weekly operating profit of £100,000.

This is in stark contrast with 16 months ago when British Satellite Broadcasting and Sky Television merged. Total weekly income then was £1.6m and with total costs of £11.6m this left a weekly operating loss of £10m.

"In my view both would have failed if there had not been a merger," Mr Frank Barlow, chairman of BSkyB and managing director of Pearson, owners of the Financial Times, said yesterday.

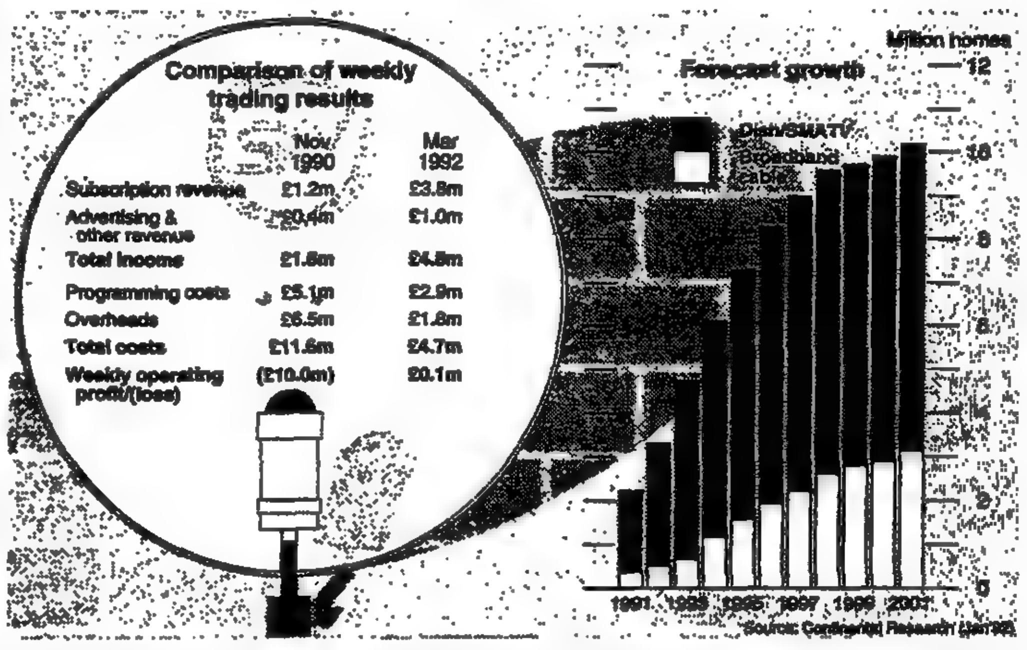
The main shareholders – Mr Rupert Murdoch's News International, Granada, the television and leisure group, Pearson, and Chargeurs, the French transport and communications company – will be very relieved that the flow of money out of the company has halted and the first trickle of money is flowing in the other direction.

However, yesterday's presentation does not mean that one of the world's most expensive television ventures is home and dry.

The company has guaranteed bank facilities of £420m and £860m in loan stock. When the £240m equity money is included, a financial structure of £1.52bn has been created to carry the system to operating break even point.

Interest charges paid to the shareholders on the debt are running at £2.8m a week.

No-one at the company, which operates as Sky Television, would predict when the venture might reach overall profit. Film deals have been agreed for 10-year periods with the seven leading Hollywood studios. It was claimed that this extension of the original deal would save $100m in payments between 1995 and 2000.



The financial future of BSkyB depends on two rising trends – the number of homes receiving satellite television in the UK and a rising proportion within that group paying £16.99 a month to receive both Sky subscription channels.

By the end of January, 2.87m homes in the UK had satellite television via dishes and cable television. In the last week of February, 26,200 dishes were sold or rented because of the exclusive World Cup cricket coverage. The total represents 12 per cent of UK television homes. Mr Gary Davey, deputy managing director, said because of the "young, middle-market family" nature of satellite homes, Sky accounted for 17 per cent of the population, 21 per cent of 16-34 year-olds and 23 per cent of 4-15 year-olds.

The trends on subscription revenues seem to be going Sky's way. Last July, there were 987,000 film subscribers but only 51 per cent took both film channels. By the end of the year when the total number of subscribers was 1.15m, the percentage taking the more expensive package had grown to 70 per cent.

In January, 42,000 dishes were sold in retail outlets and 32,000 agreed to pay for at least one film channel. Of that number, 28,600 or 90 per cent took the second film channel.

Two large questions have to be answered before BSkyB can celebrate. The first is whether, as some forecasts suggest, 50 per cent of UK homes will have satellite television by 2001 and how high the programme costs will be.

The second, which applies mainly to Mr Murdoch, is what happens if a Labour government is elected. Labour is committed to investigating cross-media ownership.

Mr Robin Corbett, Labour's broadcasting spokesman, said Mr Murdoch would be given the choice of taking his 50 per cent holding in BSkyB down to 20 per cent or giving up his control of News International.

Italian bank in L1,525bn sell-off

By Haig Simonian in Milan

SHARES in Istituto Bancario San Paolo di Torino, Italy's biggest banking group, will be priced at L12,200 each, making next week's initial public offering of 125m shares the country's largest-ever flotation, with a value of L1,525bn ($1.2bn).

Analysts said the price was slightly lower than expected and may have reflected the weakness of Italian bank shares on the bourse recently.

Presenting the issue for the first time to domestic investors in Milan yesterday, Mr Gianni Zandano, San Paolo's chairman, said that the flotation marked "one of the most relevant deals ever done by an Italian company".

Mr Zandano said restated net profits for San Paolo's banking operations, the only part of the group being floated, amounted to L553bn last year, marking a 12 per cent return on equity. Net earnings are expected to rise this year, he said.

The San Paolo group, which has 782 branches in Italy including subsidiaries, has 6.5 per cent of the domestic market for deposits and 7.8 per cent for loans.

The flotation of around 20 per cent of San Paolo, Italy's most dynamic and international bank, is the most significant step since the long-awaited reforms of the Italian banking system were approved in mid-1990. The reforms allowed public sector banks to restructure their activities and issue up to 49 per cent of shares in their banking operations on the stock exchange.

Although pipped by Banco di Napoli as the first institution to take advantage of the new rules, the San Paolo deal dwarfs the L400bn raised by the Naples bank for the flotation of 20 per cent of its stock last November.

San Paolo will use the funds for acquisitions and growth. Last year, it spent L2,100bn to gain control of Crediop, the Rome-based, long-term lending institution and it has also been making a string of smaller purchases abroad.

The bank has given no indication of the stakes to be taken by Hambros, the UK merchant bank in which it is a leading shareholder, or Salomon Brothers, the US investment banking group, in which it also has an interest.

San Paolo has a reciprocal shareholding arrangement with both companies, but the accord has so far been only one-sided pending its own flotation.

Lex, Page 18

Intel to make PC range for Amstrad

By Alan Cane in London

AMSTRAD, the UK consumer electronics group hit by the recession in its main markets, is planning to boost its role as a supplier of professional personal computers (PCs) to corporate customers.

It is due to announce in Hanover, Germany, tomorrow, the launch of a range of PCs to be manufactured to its own design by Intel, the world's leading supplier of microprocessor chips.

The new machines will be based on Intel's most advanced microprocessor, the 80/486, and will carry Intel's trademark as well as Amstrad's label. Intel will provide service and support.

Amstrad, which began trading as an audio company and moved into computers in the early 1980s, has successfully marketed word processors and games computers but has suffered among corporate customers from its image as a consumer electronics company.

Profitability declined after price cutting among PC makers, and a fall-off in consumer spending. In the first six months of the current year, the company suffered its first-ever loss of £15.18m ($26.6m) before tax on sharply reduced sales of £196.07m.

The share price, in the doldrums since profits began slipping, gained 12 per cent to 36p at the weekend on rumours of the Intel deal.

The new machines will cost from £1,400 to £3,200. Intel already manufactures PCs for American Telephone and Telegraph of the US.

Tomorrow, Amstrad will tomorrow launch a laptop machine, priced at less than £2,500 in the UK.

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Banque Indosuez earnings fall 13%

By William Dawkins in Paris

A BIG write-down on an overvalued property purchase by Banque Indosuez, the fully-owned merchant banking unit of France's Suez group, contributed to a 13 per cent fall in net annual profits.

Net profits at the bank, which is mounting a joint bid for Perrier with the Swiss food group Nestlé, fell from FFr929m in 1990 to FFr805m ($144.3m) last year.

Total new provisions rose by more than 20 per cent over the same period, from FFr1.29bn to FFr1.55bn, the main element in which was a FFr650m write-down on the NMPP newspaper distribution building in central Paris.

Banque Indosuez bought the building for FFr2.7bn in 1990, one of the city's largest ever property deals, in the so-called "golden triangle", a fashionable area near the stock exchange. The purchase took place just before the central Parisian market started to weaken.

The bank wrote down FFr100m for the building in last year's accounts and said this completed the NMPP provisions. More than half of the property, now being renovated, has attracted purchase promises from French and foreign investors.

Within the overall provisions, FFr904m related to doubtful loans, down 24 per cent from the FFr1.19bn provided against loans in the previous year.

This was because of the good quality of the bank's commercial and industrial loan portfolio, said Mr Antoine Jeancourt-Galignani, chairman.

Operating profits were more cheerful, up by 58 per cent from FFr872m to FFr1.37bn, on a rise in net banking by 17 per cent over the same period, from FFr9.32bn to FFr10.93bn. "Having produced strong growth in operating profits in 1991, Banque Indosuez has piled up heavily its risk provisions," said Mr Jeancourt-Galignani.

He said it was remarkable that growth was spread across all the bank's activities and geographical regions, except its Tokyo broking business, which lost money. Profits rose by more than 50 per cent at Gartmore Suez Asset Management, the London fund management arm.

● GAN, one of the three state-owned insurance groups, announced a 16.5 per cent rise in turnover to FFr39bn for its insurance business last year.

Its banking subsidiary, CIC, saw a 6 per cent rise in net banking income to FFr16.4bn over the same period.

MTM shares tumble on second profits warning

By Richard Gourlay in London

MTM, the UK specialist chemicals supplier, shed half its market capitalisation at one stage yesterday after it was forced to make a second profits warning within a week.

Shares, which began the day at 189p, fell to below 90p before closing at 119p. Shareholders and analysts questioned why the Stock Exchange had not suspended the shares ahead of the announcement.

One analyst said the market in MTM shares had deteriorated into a "casino" after the announcement. He had written a buy recommendation after Mr Richard Lines, the chairman and chief executive, had told analysts last week that there were no problems with 1991 trading profits.

MTM's warning last Monday said profits would be substantially below City expectations – then £23m – because its auditors, Binder Hamlyn, were taking a tougher view on the valuation of fixed assets. Before that announcement MTM's shares stood at 286p.

With the company adding little to its statement that it was now facing a "significant" shortfall in trading profits over expectations, some shareholders were questioning whether Mr Lines should stay on as chairman and chief executive.

Neither Mr Lines nor Mr Tom Baxter, MTM's finance director, who met analysts last week after the company's first announcement, were available for comment.

One institutional investor bought shares last week after the first sharp price fall when he was assured that 1991 trading was unaffected by the difference of opinion with the auditors.

He said he could see no reason why Mr Lines should mislead the market about profits and he had no idea why these profits should suddenly appear to have hit a wall.

Mr Lines owns 7 per cent of MTM and is known to have led MTM from his joint seat as chief executive and chairman with an autocratic style.

While last week's announcement that MTM had fallen foul of the auditors, particularly over capitalisation of development costs and some fixed assets, it took few in the City entirely by surprise.

But admission that trading has fallen short of expectations shocked analysts. "Last week it was an accounting problem; this week it is a trading problem," one analyst said. Mr Lines was widely thought to have built a real business, producing real products for large clients in the pharmaceuticals industry, he said.

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Degussa to shed more staff

By Andrew Fisher in Frankfurt

DEGUSSA, the German metals, chemicals and pharmaceuticals group, intends to cut its labour force by a further 1,000 people by October 1993, as part of its programme aimed at cutting costs and improving profitability.

The company, which holds its annual press conference today, intends to achieve as many of the job cuts as possible through early retirement so as to minimise redundancies. It said it wants to cut overheads by up to 25 per cent at its Frankfurt-based parent company. Its worldwide labour force was about 33,000 at the end of last October, a drop of 2,100 on the previous year.

Degussa has already announced a sharp cut in its dividend payment to DM7 from DM11 a share after a drop in group net income of 33 per cent to DM99m ($62m) in the year to September, 1991. Earnings per share slid to DM12 from DM25.50. Before tax, profits were 44 per cent lower at DM179m.

The company's problems stem mainly from the slowdown in its export markets at a time when competitive pressures have emphasised the high level of German costs. The decline in the world motor industry has also affected Degussa, which makes carbon black, used by the tyre industry, and produces metals for catalytic converters.

Thus the company is keen to realign its operations by trimming the workforce, cutting the number of business units, selling off peripheral activities, and shifting some production to lower-cost countries. Its restructuring programme, called Degussa 2000, began in 1989.

Trygg-Hansa advances to SKr520m

TRYGG-HANSA SPP Holding, the Swedish insurance group, yesterday reported that its operating profit rose to SKr520m ($85.6m) for 1991 from SKr97m in 1990, writes **John Burton**.

However, despite the powerful increase in net earnings the company is pegging its dividend. This is to stay at SKr4 a share.

The steep upturn in profits reflected a 14 per cent increase in premium income to SKr7.5bn and a 48 per cent rise in earnings in insurance operations to SKr920m.

At the same time financial income provided the accounts with SKr345m against a loss of SKr456m in 1990.

On a less positive note the company explained that it faced a new source of concern in the shape of its 43 per cent shareholding in Gota, the Swedish financial group. This caused a loss of SKr860m for Trygg-Hansa.

The group's consolidated capital increased by 24 per cent to SKr13.9bn last year.

Porsche trims costs to stay in the black

By Andrew Fisher in Frankfurt

PORSCHE, the German luxury sports car manufacturer under pressure from a steep decline in profits, is managing to stay in the black at a time of slack sales by cutting costs, Mr Arno Bohn, the chief executive, said in a German press interview.

But he admitted that Porsche's administration was overweight and that the company had contributed to its negative image, notably through failures in motor sport and a rapid turnover of top management.

In the US, where sales collapsed last year to 4,400 cars from 9,100, the company said Mr Brian Bowler had left as president of Porsche Cars North America to be replaced by his deputy, Mr Frederick Schwab.

"The resignation was the result of differences over the direction of the company's future efforts in the important US market," Porsche said with no elaboration.

When the company sold 50,000 cars a year in the mid-1980s, around 30,000 went to the US, Mr Bohn said. While the US market has fallen drastically – first as a result of the stock market crash of 1987 and the dollar's weakness, and then of the US recession – the company's sales elsewhere have risen, especially in Germany and Japan.

For this year the company already forecasts a decline in car sales from the 26,200 sold last year. But Mr Bohn said Porsche could now break even by selling around 21,000 cars a year compared with 29,000 two years ago.

Porsche is putting 4,000 of its 9,000 employees on short-time working up to June and cutting its production workforce by 550 people.

Mr Bohn said the company, whose net profits fell by 70 per cent last year to DM17m ($10.6m), would not undergo a rapid improvement in the next year or two; this would take four to six years, as long as it took to develop a new car.

DSM maintains payout as falling margins cut profits

By Ronald van de Krol in Heerlen

DSM, the Dutch chemicals group, will pay an unchanged dividend despite a sharp decline in profits caused mainly by shrinking margins in its hydrocarbon and plastics businesses.

Net profit after extraordinary items plummeted 40 per cent to Fl 516m ($275m) in 1991, while operating profit fell to Fl 630m from Fl 1.09bn the year before.

The hydrocarbon and polymers division – which in 1990 accounted for Fl 520m, or nearly half, of total operating profit – saw its operating profit shrink to just Fl 68m, or slightly more than 10 per cent of the group total. Two other divisions, resins and energy, posted modest profit declines, while basic chemicals managed to increase operating results by 10 per cent to Fl 267m.

Operating profit was also adversely affected by lower oil prices, which produced inventory losses of Fl 100m compared with gains of Fl 100m the year before.

Despite the downturn, DSM is to maintain its dividend at Fl 8 per share, the level which has prevailed since the government floated its first tranche of DSM shares on the Amsterdam stock exchange in 1989. However, the company, which is still 32 per cent state-owned, will for the first time give shareholders the option of receiving part of the final Fl 5.35 dividend in shares rather than cash.

Mr Ad Timmermans, the group finance director, said DSM's dividend policy was aimed at a stable payout. The high 1991 payout of 54.5 per cent of profits compares with 20.4 per cent in 1989, a record year for profits, and 32.7 per cent in 1990, producing an average dividend rate of 30.6 per cent since privatisation.

The company declined to make a full-year forecast but said operating profit in the first quarter of 1992 is expected to equal the average of the lower third and fourth quarters of 1991, implying a year-on-year decline of 58 per cent.

It added that DSM's new strategy of concentrating on core activities and decentralising its operations would lead to annual cost savings of Fl 100m to Fl 150m starting in 1993.

BBA blames recession for fall

By Richard Gourlay

BBA, the UK component maker for the automotive, aviation and industrial markets, yesterday blamed the recession for a 33 per cent fall in 1991 profits.

Pre-tax profits fell to £49.4m ($86.94m) from £75.1m after exceptional restructuring costs of £8.1m. Earnings per share fell from 15.74p, fully diluted, to 7.22p. The group maintained its final dividend of 5.25p although the total dividend for the year, unchanged at 7.5p, was not covered by earnings.

In the most important automotive parts division, sales fell 4 per cent but profits were 45 per cent down as the group was unable to pass cost increases through to sales prices.

Mr John White, the managing director, said the most damaging factor was the fall in volume. However, the market was not getting any worse and German sales, which had risen last year, were holding up.

A fall in operating profits in the aviation division was cushioned by an acquisition but the industrial division saw profits fall by 22 per cent.

The fall in sales in automotive and industrial products led to a number of one-off costs which hit profits above the line.

Manufacturing inventories were reduced and the group shed 1,900 jobs which helped lift exceptional costs to £8.1m.

In addition to the exceptional costs, BBA took a £17.7m extraordinary charge, £10m of which was related to the cost of closing businesses. The balance related to an adjustment to the fair value on prior year's acquisitions.

The company said that had the draft accounting standard on the treatment of extraordinary and exceptional items been in place, the company would have had to take some of these goodwill write-offs above the line.

SGS rises 3.3% in 'satisfactory' year

By Ian Rodger in Zurich

SOCIETE Générale de Surveillance (SGS), the world leader in product inspection and testing services, posted a 3.3 per cent rise in net income last year to SFr187.6m ($125.9m) and announced several moves to improve relations with investors.

Mrs Elisabeth Salina Amorini, the chairman, said the results were "very satisfactory" in a difficult year.

The directors of the family-controlled group have proposed a 5.3 per cent rise in dividends, to SFr40 per registered share and dividend right certificate and SFr200 per bearer share.

They also plan five-for-one splits in the par value of the registered and bearer shares to make them more tradeable.

In addition, the group is offering to exchange dividend right certificates, which account for about 7 per cent of its market capitalisation, for bearer shares at the rate of six certificates for five shares.

Revenues were up 9.7 per cent to SFr2.2bn, with acquisitions contributing 3.3 per cent of the growth, and cash flow improved 8.3 per cent to SFr286.6m. The operating margin eased to 8.9 per cent from an exceptionally strong 10.2 per cent.

SSAB hit by decline in steel prices

By John Burton in Stockholm

SSAB, the Swedish state-controlled steel concern which heads the list of planned share sales by the government, yesterday reported a 77 per cent drop in profits, after financial items, to SKr218m ($35.9m) for 1991.

Mr Leif Gustafsson, the SSAB president, blamed the sharp profit decline on a 15 per cent price fall for steel, reflecting a price war in Europe due to excess production and a 20 per cent fall in demand in Sweden as the recession deepened.

SSAB predicts steel consumption in Europe has bottomed out, but it sees no signs of increased demand in 1992. Profits could improve if steel prices recover due to increased demand in the US.

SSAB is to declare an unchanged dividend of SKr6 as it prepares to become one of the first state concerns to be completely privatised by the conservative government.

SSAB also said all its shares will become non-restricted, allowing foreigners full shareholding access to SSAB.

Group sales fell 12 per cent to SKr13.8bn, while the operating profit dropped 75 per cent to SKr249m. SSAB Strip Products division, which was SSAB's most profitable group in 1990 with profits of SKr280, suffered a loss of SKr9m in 1991.

Sara Lee/DE to buy Czech tea producer

SARA Lee/DE, the Dutch arm of the Sara Lee US foods group, has agreed to take over Balirny Praha of Czechoslovakia, Reuter reports from Utrecht.

Balirny, one of the leading Czech coffee and tea producers, employs 200 people and has an annual turnover of about Fl 36m ($20m). Sara Lee did not disclose the price of the purchase.

Sara Lee/DE said the takeover of Balirny was another step towards building up its position in central Europe.

INTERNATIONAL COMPANIES AND FINANCE

Citibank combines asset management businesses

By Alan Friedman in New York

CITIBANK is to combine its US and international asset management businesses into a new global division with total assets of more than $55bn.

The US bank is hiring Mr Neville Bowen, who has served since 1986 as chief executive of the investment management arm of the London-based Hill Samuel, as chief executive of the new unit – to be called *Citibank Global Asset Management*.

Mr Bowen, whose Hill Samuel portfolio was about £24bn ($40bn), will report to Mr David Gibson, the Citicorp executive vice-president who also heads the group's private banking operations.

The Citibank asset management businesses being brought together includes activities in 31 countries, with a staff of more than 700 people. Around $20bn of the $55bn in total assets comes from individual and private banking clients in the US, while the institutional portfolio amounts to $35bn.

Most of the institutional funds under Citibank management are managed from London and Mr Bowen is expected to divide his time between London and New York.

Although Citicorp three years ago raised US$102.5m by disposing of its Citibank Investment Management Incorporated unit, which had $20bn of assets, the bank stressed yesterday that it remains a player in the institutional fund management business.

Mr Richard Braddock, Citibank's president, said that in merging the existing investment activities into one unit the bank hopes to become "a formidable force – one of a handful of truly global investment firms".

Citibank's investment operations currently include portfolio management, cash management and a group of mutual funds.

● Fleet/Norstar, the New England banking group, said yesterday it would become a part owner of the company that operates the NYCE electronic funds transfer network of automated teller machines (ATMs).

As an equity partner, Fleet/Norstar will join eight other banks in the NYCE system, the largest cash dispenser network in the Northeast.

Ford Canada in Argentina deal

By Bernard Simon in Toronto

FORD'S Canadian subsidiary is reportedly close to a deal to export as many as 125,000 cars to Argentina over the next two years from a plant in Ontario.

The Canadian media reported yesterday that financing is still required for the sale, which would be worth more than US$1bn. A Ford spokesman said that "it's not quite a done deal from our end, but we are extremely hopeful that the financing will soon be in place".

The mid-sized Ford Tempos would be used as taxis in Argentina. Phoenix Plus, a Toronto company which is brokering the sale, would buy the cars from Ford and sell them through an association of Argentine taxi owners to individual operators.

Mr Howard Wolle, president of Phoenix Plus, said the company is close to securing loan guarantees from the national bank of Argentina.

If the deal goes through, 65,000 cars would be shipped this year, with the possibility of another 60,000 in 1993. The order represents about 25 per cent of the capacity of the Ford plant in Oakville, Toronto.

Texas steps in to Intel 'cloning' tussle

By Louise Kehoe in San Francisco

TEXAS Instruments has intervened in the legal battle over Intel's efforts to prevent "cloning" of its top selling microprocessors, which form the "brains" of IBM-compatible personal computers.

TI's entry into the fray appears likely to pit two of the largest US chip makers against one another in the widening legal battles surrounding the multi-billion dollar microprocessor market.

TI's intervention stems from patent infringement suits filed a week ago by Intel against Chips & Technologies, a supplier of semiconductor devices to the personal computer industry.

In its suits, the latest in a barrage of litigation surrounding Intel's top selling "386" microprocessor, Intel alleges that a new version of the 386 violates several Intel patents. Intel is seeking a temporary restraining order to prevent C&T from transferring the microprocessor technology to any third party.

Chips, which does not have its own manufacturing plant, subcontracts production of these devices to Texas Instruments, one of the largest US chip makers. Chips and TI are also reported to be in discussions about a possible second sourcing agreement related to the microprocessor devices.

Texas Instruments has a broad patent cross-licensing agreement with Intel that covers, among others, the patents in dispute in Intel's suit against Chips & Technologies. Chips maintains that this licensing agreement provides a "complete defence" against Intel's allegations.

Chips claims that the "clear purpose of Intel's [action] is to throw a monkey wrench into Chips' relationship with Texas Instruments and delay Chips' introduction of products that will further challenge Intel's monopoly in microprocessors for IBM-compatible personal computers."

Texas Instruments said that it is intervening to protect its interests and to ensure that its voice is heard in a case that may involve interpretation of agreements with Intel and Chips & Technologies.

Magna shrugs off recession with C$10.7m

By Robert Gibbens in Montreal

MAGNA International, Canada's biggest independent car parts maker, continues its recovery despite weak North American car production caused by the recession.

For the second quarter to January the group reported net profits of C$10.7m (US$9m) or 26 cents a share, against losses of $2.8m, or 8 cents a year earlier. Sales were unchanged at $484m.

First-half profits came to C$36.2m or 84 cents a share, against C$500,000 or 2 cents a year earlier, on sales of C$1.1bn, up 12 per cent.

Magna, which also has several plants in Europe, benefited from a shift in product mix, lower interest rates and lower capital spending. Assuming conversion of C$200m of convertible debentures, debt-equity ratio is 0.6:1.

The company is resuming common share dividends with a 10 cent cash payment for the latest quarter. Magna in the latest period achieved a return on equity of 11 per cent after returning from the brink two years ago.

Government of Jamaica sells stake in bank

By Canute James in Kingston

THE JAMAICAN government has sold its 39 per cent stake in the island's largest commercial bank to a local insurance company and a building society for the equivalent of US$23m.

The government had promised last year that its stake in the National Commercial Bank would be offered to the public this month, but Mr Hugh Small, the finance minister, said there had been a "disappointing" response from financial institutions to underwrite the divestment.

"A partial underwriting could have led to a lack of confidence in the offer, causing us to discount the price below the market," the minister said. "The price we have negotiated is above the market and we are pleased with that."

The purchasers, the Mutual Life Assurance Society and Jamaica National Building Society, will pay half of the price in foreign currency and half in Jamaican dollars.

Heinz falls 12% in third quarter on restructuring costs

By Karen Zagor in New York

H.J. Heinz, the Pittsburgh food group, yesterday posted a 12.2 per cent drop in third-quarter net income, reflecting restructuring charges and higher marketing costs.

Net income for the three months ended January 29 was $115.3m or 43 cents a share against $128.9m or 49 cents a year earlier. Sales were essentially unchanged at $1.62bn against $1.61bn.

The company said the strength of the US dollar against foreign currencies also contributed to the decline in the latest quarter.

Stripping out the impact of currency exchange rates, sales rose 5 per cent in the latest quarter, reflecting volume increases in a number of brands, including baby food, ketchup and cat food.

For the first nine months, Heinz's net income advanced 19.6 per cent to $492.6m or $1.84 a share, including a one-off pre-tax gain of $221m from the sale of Hubinger in June. A year earlier, the company earned $411.9m or $1.55 a share. Sales eased to $4.71bn from $4.81bn a year ago.

Tony O'Reilly: reiterates forecast of 12% growth

On Wall Street, shares in Heinz firmed $⅝ to $37 in moderate volume.

During the latest third quarter, the company's gross profits fell 3.4 per cent to $604.9m from $626.1m. Selling, general and administrative expenses were $390m against $388.1m in the 1990 quarter.

Mr Tony O'Reilly, chairman, reiterated his forecast of growth of about 12 per cent in earnings per share and net income for the full year.

BCE, Bell Canada to join telecom alliance

By Robert Gibbens in Montreal

BCE and its telecommunications subsidiary Bell Canada, the world's 18th-largest, is expected to join Financial Network Association, an international alliance.

The alliance, led by MCI Communications of the US, will provide advanced communication services to banks and investment firms and the complete corporate networks on a global basis.

Bell Canada and Canada's other public carriers through Stentor, the renamed Telecom Canada, will also join FNA. Stentor and MCI have confirmed moves to offer integrated network services between world financial centres and announcements are imminent.

For BCE, the alliance is part of a long-term strategy to expand into providing telecom networks for large international businesses.

The western hemisphere leaders in developing this business are MCI and rival AT&T. The UK's BT leads the Syncordia international alliance.

BCE has taken management control of Teleglobe, the sole Canadian overseas carrier and will soon control a systems integrator specialising in designing computer and telecom networks for multinationals.

Bell Canada has talked to Singapore Telecom and the Unicom consortium, trying to become a North American hub for international telecom traffic. The challenge is to carry the North American part of Europe-Asia traffic at rates competitive with the US.

Bell Canada is calling for complete deregulation of Canada's telecom industry.

"Canadian traffic must be carried on Canadian facilities rather than US networks," said Mr Jean Monty, chairman.

"But the established carriers must be able to compete fully where market forces prevail."

CHH to float unit and cut dividend

By Terry Hall in Wellington

CARTER Holt Harvey (CHH), New Zealand's largest forestry group, is to float its sea food processing subsidiary Sealord, cut its dividend from next year and raise NZ$400m (US$222.2m) through a one-for-seven rights issue in what it says is the final phase of its recapitalisation programme.

This package of measures, which will raise around NZ$1bn, is instead of the previously announced plan to sell its Chilean forestry assets owned by its Copec subsidiary. Mr Richard Carter, chief executive, said the directors believed it was in the company's best long-term interests to retain that investment.

Mr Carter, who is to retire shortly following the appearance of International Paper of the US, as a big shareholder in CHH and is to take over managing the company, had previously said Sealord would not be sold.

He said the earlier decision to sell Copec had been made for financial reasons. The directors now believed the alternative refinancing package would allow the group to retain this strategic investment.

Sealord, which took over Fletcher Fishing in 1990, is the country's largest deep sea fishing company and also has a large share of the inshore fishery. Mr Carter said the flotation would demonstrate Sealord's earnings capability.

The two controlling shareholders in CHH, Brierley Investments and International Paper, have underwritten the cash issue and will take up their entitlements. In November the two companies formed a joint venture to control 32 per cent of CHH.

Mr Carter said a decision to cut dividends for the 1992-93 year was in recognition of the company's increased capital and international financial climates.

He said the company was still expecting to make a profit of NZ$175m for the year to March 1992.

Hongkong Electric advances

By Simon Holberton in Hong Kong

HONGKONG Electric, the monopoly supplier of electricity to Hong Kong Island controlled by Hutchison Whampoa, has reported earnings net of tax and transfers to a government scheme of control, up 17.6 per cent to HK$2.3bn (US$298m) in the year to December 1991 from HK$1.9bn in 1990.

This performance was achieved on turnover up 12.2 per cent to HK$4.86bn from HK$4.33bn. A final dividend of 44 cents was declared which, with the interim of 26 cents, makes 70 cents for the year – up 15 per cent on 1990's 61 cents. Mr Simon Murray, the company's chairman, said barring unforeseen circumstances he anticipated a similar growth in profits and dividends in 1992.

He said that in 1991 the company's electricity sales had risen 5.8 per cent over 1990. This was in line with the company's long-term forecast of 5 per cent to 7 per cent growth in electricity demand on Hong Kong Island.

Mr Murray said that Hongkong Electric's 1990-95 HK$15bn capital spending programme was continuing. During the first half of this year the company planned to commission a new 350 MW coal fired power station – Lama Unit 6 – which it has been testing since December. Later in the year it will begin its Lama Stage III expansion plan which calls for the construction of the company's next 350 MW coal fired unit.

Mr Murray said the company's property development was proceeding well and that these activities made a useful contribution to profits, although the land bank of one of its associates, Secan, will only contribute for the next four years.

Spotlight shines on Rhône-Poulenc

The state may dispose of its majority holding writes Paul Abrahams

Rhône-Poulenc's announcement that the French state would probably reduce its majority shareholding and might even sell its entire 56.9 per cent stake, has cast an unaccustomed spotlight over the performance of the world's seventh largest chemicals company.

Mr Jean-René Fourtou, group chairman, believes ownership is no longer an issue in France and that the difference between the political parties on the subject is minimal. The discussion, he argues, is whether the state should hold a minority interest or nothing at all.

"Whatever the conclusion, the situation will change. It could even change before the legislative elections next year," he said. He believed there were plenty of people wanting to invest in the company.

Mr Fourtou will need to convince potential investors about the group's ability to grow organically. Although the company's operating income rose 37.5 per cent to FFr6.27bn ($1.11bn) last year, most of that growth was dependent upon the additional income from the acquisition of a 68 per cent stake in Rorer, the US pharmaceuticals group.

The rest of the group performed poorly. Trading profits at the non-healthcare operations actually fell FFr400m last year to FFr2.2bn on a turnover of FFr56.2bn. Moreover, the ability of the healthcare division to expand is also open to question. Only 13 per cent of growth in the health division, which generated trading profits of FFr4.2bn, came from the non-Rorer operations.

In spite of the recession, Mr Fourtou is nevertheless predicting the group's operating income will increase by at least 20 per cent in both 1992 and 1993 – an achievement that should make the company highly attractive in the run-up to the government's sale.

Mr Fourtou expects the health division to continue to produce growth, though not as great as last year when the Rorer acquisition helped boost sales by 23 per cent and trading profits by 210 per cent.

One of the objectives of the Rorer acquisition was to reduce the dependency on the French market which is coming under increasing pressure from government pricing constraints. Before the Rorer deal, about 75 per cent of the health division's turnover was in France. Now it is about 33 per cent, said Mr Fourtou.

"The highest increase proportionally will come from the specialities operations which last year reported trading profits of only FFr100m on a turnover of FFr14.8bn. This year it should make FFr700m, not because of an upturn in the market, but rather because of synergies and productivity improvements," said Mr Fourtou.

Jean-René Fourtou: many want to invest in the group

Over the last 12 months, Rhône-Poulenc has sold some non-profitable speciality businesses and closed about seven plants in the US.

There have also been widespread management changes in an effort to shake up the division. Mr Fourtou believes the group has enormous potential to generate profits over the next two to three years.

The remaining growth should come from an improvement in the fibres business in Brazil, said Mr Fourtou. With a stronger US dollar and some growth in the world economy, Mr Fourtou believes his target can be achieved.

Meanwhile, he plans to continue with his disposal programme and cost-cutting. He admits the programme has not been as quick as he had hoped, but he hopes to raise as much as FFr3bn this year and between FFr1.5bn and FFr2bn in 1993. There has been a shortage of buyers, but he said he is willing to spend time to ensure he achieves a good price. He refused to detail which operations might be for sale.

This disposal programme should help achieve one of Mr Fourtou's main priorities – to reduce the company's debts. Net debt has fallen from FFr34bn in 1990 to FFr33.1bn at the end of last year. He plans to cut the debt to equity ratio from 0.78 at the end of last year to close to 0.5 in 1993.

Mr Fourtou also expects to spend considerable time achieving synergies from the acquisition binge at the end of the 1980s. He believes it could take between three and five years. While he may not have much difficulty in convincing the government to sell its stake over the next few years, he may well find he has his work cut out convincing private investors to buy it.

Singapore bank posts surprise 10% rise

DBS Bank of Singapore has reported better than expected results with a 10 per cent rise in net profits to S$315.3m (US$197m) for 1991, up from S$286.4m a year earlier, despite slower credit expansion and softer interbank rates, AP-DJ reports.

However, turnover fell 2.3 per cent to S$2.27bn from S$2.32bn, while earnings per share were up 5.1 per cent at 62 cents against 59 cents.

DBS, which is maintaining its dividend for the year at 16 cents a share, said net interest earnings grew by 9.7 per cent at group level and 6.6 per cent at bank level. The bank's loan portfolio expanded by 13 per cent.

Other income declined by 23 per cent at group level and 9.1 per cent at bank level. The fall was largely due to lower contributions from investment banking operations.

DBS Bank is seen as an indicator for the sector's earnings.

Analysts had expected the banking sector to report weak earnings partly because the financial services sector slowed considerably last year, after strong growth in 1990. They said the sluggish financial sector was dragged down by foreign banks, which suffered poor growth in foreign exchange and offshore activities.

France sets price of Elf Aquitaine stake

By William Dawkins in Paris

THE French government yesterday set the price of this week's sale of a 2.3 per cent stake in Elf Aquitaine, the state-controlled oil group, at a small discount to the market.

Investors are to be offered 5.78m Elf shares at FFr360 each, which will bring in FFr2.08bn ($371m) before expenses for the state.

This is a 2.6 per cent discount on the FFr369.9 at which Elf's shares closed on the Paris market yesterday and will reduce the government's stake in Elf, France's largest company, from 53.8 per cent to 51.5 per cent.

The offer price capitalises Elf at FFr90.43bn, representing 9.2 times historic earnings, a lower price earnings ratio than most leading oil groups. But it is well over the FFr350.4 at which the shares stood when the government postponed the sale last December, to await an improvement in the depressed stock market. The price stood at FFr435 when the sale was announced in mid-November.

Since its autumn collapse, the CAC 40 index – of which Elf represents 10 per cent – has recovered strongly, passing the psychological barrier of 1,900 in late February to end at 1,976.28 yesterday.

The offer will be open from March 10 to March 12, so that the shares can start trading on Friday, March 13.

There are 5.78m shares in the sale, of which 2.4m will be syndicated internationally and the remaining 3.38m will be offered to the French public.

This will bring to FFr3.4bn the amount the French government has raised in partial privatisations, since the FFr1.4bn collected from the sale of a 25 per cent stake in Crédit Local de France in December.

Mr Pierre Bérégovoy, the finance minister, announced over the weekend that more state company share sales were on the way and that the income would be used to fund the job creation measures recently unveiled by Mrs Martine Aubry, the labour minister.

Pierre Bérégovoy: more state company share sales

The government is expecting to collect FFr5.6bn from partial privatisations this year, according to its 1992 budget. In all cases, the state will keep a majority stake in public sector companies, said Mr Bérégovoy.

Vitro shares fall on disappointing results

By Damian Fraser in Mexico City

VITRO, Mexico's largest industrial conglomerate, posted net profits for 1991 of 573,000m pesos ($185m), a 19.3 per cent fall in real terms on 1990's figures.

The results were worse than expected and Vitro's shares, traded on both the Mexican bolsa and the New York Stock Exchange, fell on the news, bringing other Mexican stocks down with it.

The company said 1991's results were hurt by a one-off cost of refinancing the debt held by its US subsidiary Anchor Glass and a 52 per cent increase in income tax. Operating income, which excludes these factors, climbed to 1,295bn pesos, 0.2 per cent more in real terms than in 1990. Vitro said operating income had increased thanks to reduction in costs and increased productivity.

The sales at Vitro rose to 9,281bn pesos, 0.5 per cent more in real terms than 1990. The increase in the volume of sales was greater, but peso revenues were hurt by the real appreciation of the peso against the dollar during 1991, and because Vitro's domestic prices did not rise as fast as the Mexican inflation rate.

Vitro's revenues from exports reached $352m, a 15.7 increase over 1990.

Vitro is a monopoly producer of flat glass in Mexico and through its subsidiary Anchor Glass has 28 per cent of the US glass container market.

The disappointing results suggest the US recession and Mexico's strong exchange rate policy is beginning to take its toll on the country's large conglomerates.

Gencor issue 97% subscribed

GENCOR, the South African mining and industrial group, yesterday said shareholders subscribed for 97.8 per cent of shares offered under its R2bn ($714.2m) rights issue.

Its holding company Gencor Beherend will take up the balance in terms of its underwriting commitment.

It said that the rights issue was well supported, despite uncertain market conditions caused by the pending referendum on political reforms and the financial rand investment currency moving against UK investors.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, March 9, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	57.603	34.6422	43.6743
Albania	(Lek)	86.05	49.9419	30.0349	37.8657
Algeria	(Dinar)	38.12	22.1242	13.3054	16.7744
Andorra	(Fr Fr)	9.7350	5.65	3.3979	4.2838
	(Sp Peseta)	180.40	104.701	62.9668	79.3839
Angola	(Kwanza)	320.545	186.039	111.883	141.054
Antigua	(E Carr $)	4.6467	2.6968	1.6218	2.0447
Argentina	(Austral)	1.7056	0.9899	0.5953	0.7505
Aruba	(Florin)	3.0806	1.7879	1.0752	1.3555
Australia	(Aus $)	2.2750	1.3203	0.794	1.0011
Austria	(Schilling)	20.145	11.6918	7.0314	8.8646
Azores	(Port Escudo)	246.50	143.064	86.0383	108.471
[illegible]					
Ethiopia	(Ethiopian Birr)	3.5274	2.0472	1.2312	1.5522
Falkland Is	(Falk £)	1.00	0.5803	0.349	0.44
Faroe Is	(Danish Kroner)	11.1000	6.4422	3.8743	4.8844
Fiji Is	(Fiji $)	2.5920	1.5043	0.9047	1.1405
Finland	(Markka)	7.8147	4.5355	2.7276	3.4388
France	(Fr)	9.7350	5.65	3.3979	4.2838
Fr Cty/Africa	(CFA Fr)	486.75	282.501	169.895	214.191
Fr Guiana	(Local Fr)	9.7350	5.65	3.3979	4.2838
Fr Pacific Is	(CFP Fr)	175.00	101.567	61.082	77.0077
Gabon	(CFA Fr)	486.75	282.501	169.895	214.191
Gambia	(Dalasi)	15.2481	8.8497	5.3221	6.7098
Germany	(D-Mark)	2.8650	1.6627	1	1.2607

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	676.63	392.705	236.171	297.747
Gibraltar	(Gib £)	1.00	0.5803	0.349	0.44
Greece	(Drachma)	329.975	191.512	115.175	145.204
Greenland	(Danish Krone)	11.1000	6.4422	3.8743	4.8844
Grenada	(E Carr $)	4.6467	2.6968	1.6218	2.0447
Guadaloupe	(Local Fr)	9.7350	5.65	3.3979	4.2838
Guam	(US $)	1.7230	1	0.6013	0.7581
Guatemala	(Quetzal)	8.7323	5.068	3.0479	3.8425
Guinea	(Fr)	1397.95	811.346	487.941	615.16
Guinea-Bissau	(Peso)	8605.00	4994.2	3003.49	3786.58
Guyana	(Guyanese $)	208.69	121.12	72.8411	91.8327
Haiti	(Goude)	8.605	5	3.0034	3.7865
[illegible]					
Mozambique	(Metical)	3334.90	1935.52	1164.01	1467.5
Namibia	(S A Rand)	4.9477	2.8715	1.7269	2.1772
Nauru Is	(Australian $)	2.2750	1.3203	0.794	1.0011
Nepal	(Nepalese Rupee)	80.25	46.5757	28.0104	35.3135
Netherlands	(Guilder)	3.2225	1.8702	1.1247	1.418
N'nd Antilles	(A/Guilder)	3.0806	1.7879	1.0752	1.3555
New Zealand	(NZ $)	3.1432	1.8242	1.0971	1.3831
Nicaragua	(Gold Cordoba)	8.605	4.9941	3.0034	3.7865
Niger Rep	(CFA Fr)	486.75	282.501	169.895	214.191
Nigeria ‡	(Naira)	25.815	14.9825	9.0104	11.3597
Norway	(Nor. Krone)	11.3200	6.5118	3.9162	4.9372
Oman	(Rial Omani)	0.6622	0.3843	0.2311	0.2913

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak Rupee)	42.35	24.5792	14.7818	18.6356
Panama	(Balboa)	1.7230	1	0.6013	0.7581
Papua New Guinea	(Kina)	1.6540	0.9599	0.5773	0.7278
Paraguay	(Guarani)	2440.36	1416.34	851.784	1073.87
Peru	(New Sol)	1.63	0.946	0.5689	0.7172
Philippines	(Peso)	43.025	24.9709	15.0174	18.9328
Pitcairn Is	(£ Sterling)	1.00	0.5803	0.349	0.44
	(NZ $)	3.1432	1.8242	1.0971	1.3831
Poland	(Zloty)	23068.00	13388.3	8051.66	10150.9
Portugal	(Escudo)	246.50	143.064	86.0383	108.471
Puerto Rico	(US $)	1.7230	1	0.6013	0.7581
Qatar	(Riyal)	6.2608	3.6336	2.1852	2.755
Reunion Is de la	(F/Fr)	9.7350	5.65	3.3979	4.2838
[illegible]					
Vatican	(Lira)	2148.25	1246.81	749.825	945.325
Venezuela	(Bolivar)	104.2673	60.5149	36.3934	45.8821
Vietnam	(Dong)	19567.77	11356.8	6829.94	8610.68
Virgin Is-British	(US $)	1.7230	1	0.6013	0.7581
Virgin Is-US	(US $)	1.7230	1	0.6013	0.7581
Western Samoa	(Tala)	4.1571	2.4127	1.4509	1.8293
Yemen (Rep of)	(Rial)	22.2869	12.9349	7.779	9.8073
Yemen (Rep of)	(Dinar)	0.80	0.4643	0.2792	0.352
Yugoslavia	(Dinar)	241.3593	140.081	84.244	106.209
Zaire Rep	(Zaire)	196835.00	114239	68702.6	86615.2
Zambia	(Kwacha)	214.69	124.602	74.9354	94.473
Zimbabwe	($)	8.8287	5.124	3.0815	3.885

Special Drawing Rights March 6, 1992 United Kingdom £0.794623 United States $1.36699 Germany D Mark 2.27768 Japan Yen179.896
European Currency Unit Rates March 9, 1992 United Kingdom £0.712713 United States $1.22729 Germany D Mark 2.04491 Japan Yen161.904

Abbreviations (a) Free rate; (b) Banknote rate, (c) Commercial rate (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate, (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate, (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate, (r) parallel rate, (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate ; ‡ Nigeria: Floating rate replaces Official rate
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5
Monday, March 9, 1992.

INTERNATIONAL CAPITAL MARKETS

Gilts firm as Bank details £500m in tap stock issues

By Sara Webb in London and Karen Zagor in New York

UK GOVERNMENT bond prices firmed yesterday, helped by the strength of the US Treasury bond market on Friday and the Bank of England's decision to issue a further £500m of tap stocks across a wide range of maturities.

The Bank announced yesterday it was issuing: £100m of 8¾ per cent Treasury stock due 1994; £100m of 9¾ per cent Exchequer stock due 1998; £200m of 9 per cent conversion stock due 2000; and £100m of 9½ per cent conversion stock due 2005. It has also issued £100m of the 8¾ per cent stock due 1994 and £100m of the 9¾ per cent gilt due 1998 to the National Debt Commissioners.

Some traders interpreted the tap announcements as a sign that the Bank expects the gilt market to pick up again in response to today's Budget news. Last week saw a sharp fall in gilt prices on worries

GOVERNMENT BONDS

about the government's heavy borrowing requirement, and volumes in the Liffe gilt futures contract were low yesterday as the market awaited the Budget announcement.

The Liffe gilt futures contract rose from its opening of 96.18 to 96.21, up from Friday's close of 96.12. Meanwhile, the benchmark 11¾ per cent gilt due 2003/07 climbed from 114⅛ to end the day at 114⅜.

■ US TREASURIES firmed through the day, but trading was thin in the absence of any significant economic news.

In late trading, the Treasury's bellwether 30-year bond was ⅝ higher at 101⅝, yielding 7.86 per cent. The two- and three-year notes posted gains of ⅛, while intermediate issues were up about ⅜. The Federal Reserve entered the open market to arrange three-day system repurchase agreements when Fed funds were trading at 4 per cent.

The operation, which adds reserves to the banking system, was widely expected and did not indicate a change in monetary policy. It was needed to redress a drop in vault cash and increases in required reserves and currency in circulation.

Treasuries are expected to be quiet through most of this week. The first important economic data is scheduled for Thursday, when retail sales figure for February will be released. Although this is not usually an important figure, the market is trying to gauge the strength of the economy and a strong increase would be seen as a clear sign that it was recovering.

■ JAPAN'S benchmark No 129 issue weakened yesterday – moving against the market's general direction – with dealers attributing the fall either to a single large trade or to selling ahead of the World Bank's large global yen bond issue.

The No 129 due 2000 ended with a yield of 5.43 per cent, having opened at 5.42 per cent. The yield ranged between 5.4 and 5.45 per cent.

In the futures market, the price of the front-month June futures contract for 10-year government bonds ended up 0.14 at 102.12.

Traders said there were market rumours that the dip in the No 129 could have been the result of an exercised option on the bond. However, it could also have arisen from selling of the issue ahead of the World Bank's global bond issue, which is due to be priced off the No 129 today.

■ GERMAN government bonds closed slightly higher in dull trade as the market waited for further news on the wage rounds. The Liffe bund futures contract opened at 88.46 and closed at 88.52 on a volume of about 20,000 contracts.

Elsewhere in Europe, Dutch bonds closed higher.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	99.5731	+0.128	10.07	10.05	10.17
BELGIUM		9.000	06/01	101.8500	-	8.69	8.63	8.64
CANADA *		8.500	04/02	99.4800	+0.100	8.59	8.37	8.24
DENMARK		9.000	11/00	102.3200	+0.100	8.69	8.57	8.62
FRANCE	BTAN	8.500	03/97	98.9720	+0.001	8.75	8.69	8.66
	OAT	8.500	11/02	99.5700	+0.190	8.49	8.42	8.44
GERMANY		8.000	01/02	100.7300	+0.100	7.88	7.82	7.87
ITALY		12.000	02/02	99.2500	+0.130	12.13†	12.15	12.27
JAPAN	No 119	4.800	06/99	95.1469	+0.089	5.76	5.72	5.71
	No 129	6.400	03/00	105.4549	-0.090	5.43	5.40	5.38
NETHERLANDS		8.250	02/02	100.2400	+0.340	8.21	8.19	8.31
SPAIN		11.300	01/02	103.6000	-	10.67	10.66	10.66
UK GILTS		10.000	11/96	101-13	+6/32	9.61	9.43	9.50
		9.750	08/02	101-20	+10/32	9.50	9.30	9.36
		9.000	10/08	97-20	+17/32	9.29	9.13	9.17
US TREASURY *		7.500	11/01	100-20	+16/32	7.40	7.32	7.12
		8.000	11/21	101-14	+22/32	7.87	7.86	7.71

London closing, *New York closing. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Salomon launches election hedge

SALOMON Brothers International has issued 2,000 put and 2,000 call warrants on 10-year gilts. They are being marketed as instruments for hedging against volatility created by the uncertainty surrounding the UK general election, *writes Tracy Corrigan.*

The warrants mature in nine months, and so offer greater time value than is available on the exchange-traded market, where the only liquid options mature in June, according to Salomon Brothers. The warrants can be exercised at any time during their nine-month life.

According to Mr Philippe Katz, of Salomon's arbitrage origination desk, the volatility priced into the market ahead of this election is much lower than ahead of the 1987 general election, even though the outcome this time is less clear-cut. Consequently, it is cheaper for investors to hedge against market movements.

Salomon reported a broad base of investor views: some investors bought call options, on the expectation that the *Conservatives* would win and the gilt market would rally; others bought the puts, taking the view that a Labour victory could provoke a sterling crisis.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on March 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	104¾	105¼		6.82
ALBERTA PROVINCE 9 3/8 95	600	107¾	107½	+⅛	6.90
AUSTRIA 8 1/2 00	400	104⅝	105	+⅛	7.69
BANK OF TOKYO 8 3/8 96	100	103	103⅜	+⅛	7.49
BELGIUM 9 5/8 98	250	109⅛	109⅝	+⅛	7.68
BFCE 7 3/4 97	150	101⅞	102⅜	+⅛	7.32
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.93
COPENHAGEN TEL 8 5/8 96 LFr	600	98¼	99¼		9.17
WORLD BANK 8 96 LFr	1000	96¼	97¼		8.97
ENERGIE BEHEER 8 3/4 98 Fl	500	103⅛	103½	-⅛	8.11
UNILEVER 9 00 Fl	500	104⅜	105⅛	-⅛	8.16
[illegible]					

Strong European demand for World Bank's yen deal

By Richard Waters

THE World Bank's long-awaited global bond offering in yen – the first of its kind – was launched yesterday to a strong reception from investors, particularly in Europe.

Lead managers of the Y250bn, 10-year issue said the bonds could have been sold two and a half times over at the indicated price range, of 17 to 19 basis points below the yield on the benchmark No 129 Japanese government bond.

Demand for the issue was particularly strong from the UK and continental Europe: early indications there suggested the bonds could have been sold at a yield of more than 20 basis points below the benchmark yield.

The slightly more generous pricing range was chosen to give the bonds wider distribution. About half of the issue has been sold provisionally in Europe, with 20 per cent going to Japan and 10 per cent in other Far East centres. US investors are expected to take 15 to 20 per cent.

Bankers said there was little switching out of Japanese government bonds to take up the issue, though the yield on the No 129 rose slightly on the day.

For international investors, the bonds are more attractive than those in the government market. They are free from withholding tax and there is no need to switch between issues to keep abreast of the current Japanese government benchmark.

Given the strength of demand for the bonds the formal pricing, to take place today, is expected to result in a spread of 19 basis points below the No 129. At that level, the bonds would yield 5.37 per cent with interest calculated on a semi-annual basis, compared with the 5.435 per cent yield on the No 129 yesterday when calculated on a simple basis.

INTERNATIONAL BONDS

That would put the yield around seven basis points below the Japanese Development Bank's Y120bn Euroyen benchmark issue last summer, accounted for by the greater liquidity and broader distribution of the World Bank issue.

The scale of demand for the issue is likely to flush out other Euroyen issues in the coming days, bankers said. "There is no way all the yen demand is fulfilled by this issue," one said.

Elsewhere, the European Investment Bank came with a tightly-priced C$500m issue which, at a yield of just 13 basis points over the relevant government benchmark, appeared to be targeted once again at the traditional Italian buyers of the EIB's paper.

The spread on the 10-year issue was well below that on other Canadian dollar issues – Ontario Hydro's global bond, for instance, which is yielding some 60 basis points more than the EIB paper. The pricing appeared to have been determined largely by the familiar popularity of EIB bonds to Italian investors, whose freedom from withholding tax on the borrower's issues is expected in some quarters to disappear at some stage this year.

Also, the bonds have the added attraction of a coupon close to current interest levels, at 8.875 per cent, and so benefit compared with high-coupon existing issues, which trade at a premium and so carry an implicit capital loss.

In other issues, Deutsche Bank stepped in to launch an Ecu300m, seven-year issue, taking advantage of the continued delay in the rumoured Ecu1bn issue for Denmark, which has yet to appear.

Demand in the sector had built up to a level which allowed Deutsche, issuing in the name of Deutsche Bank Finance NV, to sell the paper with little apparent resistance at a yield of 8.4 per cent, around the level of an EIB issue with a coupon of 9 per cent also due 1999.

● Two floating-rate note issues from Italian financial institutions – Cariplo, the AA1-rated savings bank and Isveimer, the unrated credit institution – were launched with widely different spreads. At a spread of 37 basis points over six-month Libor, Isveimer's $150m, three-year issue was said to have sold out during the day. Cariplo's $200m, five-year deal was launched with a spread of 17.5 basis points over Libor

● In yesterday's report on the new agreement on exchange of clearing information between Cedel and Euroclear, the two European clearing houses, it was reported that Cedel had initially "resisted" the concept of delivery versus payment (DVP). In fact, the disagreement between Euroclear and Cedel was over the definition of what constitutes DVP.

Cedel had always advocated that the concept of DVP, which is absent from the original 1980 agreement, should be included in the new bridge agreement.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Cariplo(c)‡†	200	(c)	100	1997	64.5/47bp	UBS Phillips & Drew
Isveimer.(d)‡†	150	(d)	100	1995	33/13bp	Bankers Trust Int.
CANADIAN DOLLARS						
EIB(a)†	500	8.875	99.54	2002	0.325/0.10	Bankers Trust Int.
YEN						
World Bank.(b)†	250bn	(b)	(b)	2002	32.5bp	IBJ Int
Stanley Electric Co.(a)†	6bn	6.4	101.10	1999	1⅞/1.875	Daiwa Europe
Stanley Electric Co.(a)†	6bn	6.3	101.55	1997	1⅝/1⅝	Sanyo International
ECU						
Deutsche Bk.Finance NV.(a)†	300	8⅞	101.45	1999	1⅞/1¼	Deutsche Bk.Cap.Mkts.

✫✫Private placement. §Convertible. #With equity warrants. ‡Floating rate note. †Final terms.a) Non-callable. b) Coupon payable semi-annually. Coupon and price to be fixed. c) Coupon pays ⅛ above 6 month Libor. Non-callable. d) Coupon pays 30bp above 6 month Libor. Non-callable.

Brokers association expected to disband

By Tracy Corrigan

THE Sterling Brokers Association (SBA), a City of London trade grouping, is expected to disband, after a meeting later this month to vote on the issue.

Mr Tony Alwright, of Tullet & Tokyo, who chairs the association, declined to comment further. However, it is widely expected that the SBA will come under the umbrella of the Foreign Exchange and Currency Deposit Brokers Association after being disbanded.

A representative of the SBA sits on the Bank of England's joint standing committee on the money markets. However, the Foreign Exchange and Currency Deposits Brokers Association also has representation on the committee, so the role as a conduit between the Bank of England and the market could be maintained.

According to brokers, the SBA, which represents a small sector of the industry with only around half a dozen big players, has "no real teeth", since it has no regulatory powers. The Bank of England supervises brokers.

Thyssen plans multi-currency DM1bn CP

THYSSEN, the large German steel and engineering combine, is issuing a multi-currency DM1bn commercial paper programme, Commerzbank said, Reuter reports from Frankfurt.

The programme envisages drawdowns of up to DM1bn, or the equivalent in any other currency, as long as there are no restrictions imposed by the relevant central bank or other authorities.

Commerzbank said the funds raised would help cover operating costs.

● Royal Bank of Scotland has had its long-term rating downgraded by IBCA, the European-based credit-rating agency.

The rating has been lowered from AA to AA- because of "the continuing pressure on earnings and the decline in asset quality" resulting from the slump in the UK economy.

Brazilian bank to expand overseas

By Christina Lamb in Brasilia

BANCO do Brasil, Brazil's largest bank, is to step up its overseas operations to take advantage of the country's re-emergence into the international financial community. This follows its recent accords with the International Monetary Fund and the Paris Club.

"We believe Brazil will take off this year and we want to make sure we're at the vanguard," said Mr Emilio Garofalo, the bank's international director.

As a start, the bank plans a $150m Eurobond issue next month, in what will be its first entry on the international capital markets since 1981. Mr Garofalo said the bank hoped to lead Eurobond issues of Brazilian private companies, and has already had requests for $400m.

"The principle objective is to prolong the debt profile of Brazilian companies so they are paying 12 or 13 per cent interest per annum, which, while high by world standards, is low by Brazilian standards."

It also plans to create a new European bank, with headquarters in Brussels, to co-ordinate its 12 European agencies. "We want to be in position to benefit from the new unified Europe with access to credit lines," said Mr Garofalo.

He said to stimulate Japanese investment, a Japan desk would be set up in the main Sao Paulo branch, and a Brazil desk in the Tokyo office.

"We want to take advantage of the extraordinary upsurge in interest in Brazil. We have branches all across the country so we know Brazil best and intend to be investors' first port of call."

Mr Garofalo said the bank was also capitalising on the large number of Brazilians now living abroad, and the increase in international operations by Brazilian companies attempting to compensate for the domestic crisis of recent years.

As a result, the net worth of the bank's foreign branches has grown from $925.6m in 1986 to $3.09bn last year. Mr Garofalo described the bank's liquidity as "the most tranquil in its history".

"We have $6bn in Brazilian debt, but $6bn of resources; so for the first time we do not need funding to sustain our portfolio."

However, the bank is under scrutiny by the federal audit tribunal, which is demanding increased efforts to collect $1.56bn in debts owed by sugar mill owners and fuel alcohol producers. A court could order the blocking of the bank's accounts.

Japan's futures, options charges to double

By Emiko Terazono in Tokyo

COMMISSIONS on stock futures and options trading on Japan's stock exchanges will be doubled from March 23.

The increase is the first in commission on futures and options contracts in Japan. The move comes as a surge in trading in the Nikkei 225 futures listed on the Osaka Securities Exchange (OSE) has been blamed for the price volatility in the underlying cash market on the Tokyo Stock Exchange (TSE). The TSE raised margins on arbitrage trading between the futures and cash markets three times last year.

The OSE denied the move was designed to limit activity in the derivatives markets. "The price difference in commissions between the futures and cash markets is too large, and is unfair," it said. For example, commission on cash stock trading worth Y100m would total Y385,000, while commissions on Y100m worth of futures would be Y40,000.

The announcement comes amid debate on liberalisation of fixed-cash stock commissions. Market participants said trading on the Nikkei futures last Friday was not affected by the measures, announced that day, but it predicted negative long-term effects. "The rise in commissions will drive small-lot players away, reducing market liquidity," said a derivatives trader at a leading US brokerage.

The move is also expected to drive business to offshore markets – such as the Singapore International Monetary Exchange and the Chicago Mercantile Exchange – which offer trading in Nikkei 225 futures. Trading in Simex's Nikkei 225 contracts has surged during the past two months, with daily average volume rising from last year's 3,045 contracts to last month's 6,789. Costs of trading on the Simex will be around half of that of the OSE after its commissions are raised.

The move will affect brokerage commissions of the OSE Nikkei 225 futures and options, TSE's Topix futures and options, and Nagoya's Option 25.

Funds management groups link

By Tracy Corrigan

HENDERSON Administration Group, the UK fund management group, has taken a 25 per cent interest in Sabre, the managed futures fund specialist, at a cost of £1m. Henderson has also taken a four-year option to acquire a further 26 per cent interest in the company.

Henderson decided, in a strategic review 18 months ago, to invest in specialist fund management companies complementary to its own business, according to Mr Jeremy Edwards, managing director. Further such investments or acquisitions are planned.

The choice of Sabre as its first investment, however, reflects a new awareness in the UK of the potential growth of the managed futures fund industry, which now has an estimated $20bn under management in the US, and is attracting more interest in Japan and the Middle East, but is still in its infancy in Europe.

Managed futures funds use futures and options to invest in a broad range of markets using sophisticated techniques.

"Managed futures is an area we regard as offering significant international growth potential, and Sabre, with its long-standing record, investment experience and techniques is well positioned to benefit from that growth," said Mr Edwards.

Henderson has £8bn of funds under management.

Mr Peter Swete, managing director of Sabre, said Henderson's international marketing and distribution muscle would prove a valuable asset for Sabre, which would like to expand its Japanese business, and will also focus more closely on the Middle East and parts of Europe.

Sabre, which now manages close to $100m of funds, has produced average annual returns of 17 per cent since its inception. It was founded by Mr Swete and Mr Robin Edwards in 1982 and specialises in the discretionary management of funds using the currency, financial and commodity futures markets.

Mr Robin Holland-Martin and Mr Rupert Carnegie, of Henderson, will join the Sabre board, but Sabre will continue to be run as a separate company.

S&P's lowers debt ratings of Canadian bank

STANDARD and Poor's, the credit rating agency, said it had downgraded the long-term debt ratings of Toronto-Dominion Bank, to AA from AA-plus, and its subordinated debt to AA-minus from AA, Reuter reports from New York.

Both ratings are removed from creditwatch, where they were put on February 12. Total debt affected is $5.3bn.

The action reflects the continued worsening of the bank's asset quality, and the expectation of a prolonged decline of future profitability levels, S&P said.

Toronto-Dominion Australia and TD Mortgage Corp ratings were cut to AA from AA-plus. Toronto-Dominion's A-1-plus short-term rating was affirmed.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Monday March 9 1992

[illegible]

FIXED INTEREST

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	67	1	12
Other Fixed Interest	5	3	9
Commercial, Industrial	349	192	934
Financial & Property	146	125	520
Oil & Gas	22	19	48
Plantations	1	0	8
Mines	17	41	90
Others	18	67	49
Totals	625	448	1,670

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

LONDON TRADED OPTIONS

[illegible]

TRADITIONAL OPTIONS

● First Dealings March 2
● Last Dealings March 13
● Last Declarations June 11
● For settlement June 22

3-month call rate indications are shown on this page.

Calls in Amber Day, Airtours, Bunzl, BTR warrants '92/93, Dowty, Enterprise Computer, Euro Disney, Fairhaven, Hanson warrants, Meddox, Midland Bank, Mountleigh, Proteus Intl. and Wharfedale. Put in Lloyds Chemists.

TRADITIONAL OPTION 3-month call rates

[illegible]

Enlarged Perkins Foods tops £24m

By Maggie Urry

PERKINS FOODS, the acquisitive produce, frozen and chilled food group, yesterday announced a 34.4 per cent rise in pre-tax profits to £24.3m for 1991 and the purchase of Rowleys Frozen Foods for up to £5.9m.

Fully diluted earnings rose by a more modest 15.5 per cent to 11.9p.

After reporting a 47 per cent rise in half year profits to £10.5m, growth slowed in the second half.

Mr Michael Davies, chairman, said that although economic conditions were weak, demand for food remained strong and he looked forward to "another successful year".

Mr Howard Phillips, chief executive, said that organic profits growth – which he definded as excluding acquisitions made in 1991, though not those in 1990 – had been 9 per cent. He said that Perkins was no longer an acquisition-led company, and even without takeovers earnings growth would be above average.

Group sales were 32.7 per cent higher at £260.1m. Interest receivable was £2.7m (£2.9m) but Mr Ian Blackburn, finance director, said there would be an interest charge in the current year as the group moved into a net debt position. The tax rate fell to 30.5 per cent (32.3 per cent) but Mr Blackburn said this would rise again in the current year.

The fresh produce division increased sales by 17 per cent to £114.9m, but operating profits grew by 7 per cent to £7.6m. Mr Phillips said that earn-outs on acquisitions in the division had ended in 1990 and been replaced by bonuses for managers.

There was a sharp fall in profits from the mushroom division for the second year running, to £1.1m (£1.6m) because of pricing pressure in canned mushrooms. Profits from frozen foods rose 88 per cent to £10.7m helped by acquisitions made at the end of 1990. Chilled foods profits were also boosted by acquisitions, rising 71 per cent to £4m.

The purchase of Rowleys involves an initial payment of £600,000 of which £200,000 is in cash and the rest in convertible DM preference shares. Up to £5.3m more will be payable depending on future profits, and this will be met through the issue of ordinary shares.

A final dividend of 2.6p makes a 4.3p (3.8p) total.

● COMMENT

It is wise to be sceptical about companies such as Perkins, after the experience of Albert Fisher and its likes. On the positive side, its relatively short history has been a tale of good earnings growth with few hiccups. Where things have gone wrong – such as with mushrooms – the problems have been containable. However, the earn-out deals have left a series of potential time bombs in terms of deferred consideration, involving share issues and the DM convertibles. Some of the costs of acquisitions have been neatly tucked away below the line in the preference dividends. There are further troubles to come if every earn-out has to be replaced by bonuses to keep the acquired management. Pre-tax profits this year might reach £30m, but between a higher tax rate and more shares in issue, earnings per share may only grow by about 11 per cent. A prospective p/e of 11¼ is not generous to Perkins, but a premium rating has yet to be earned.

Tony Andrews

Howard Phillips: earnings growth will be above average

Steetley spurns new offer from Redland

By Andrew Taylor

STEETLEY yesterday recommended its shareholders to reject an improved offer from rival building materials group Redland.

It said the marginal improvement in Redland's share offer had been eroded by the fall in the company's share price on Friday. It added that a full cash alternative proffered by Redland was only 2 per cent higher than the previous partial cash alternative.

Redland's share price yesterday rebounded 11p to 458p, reflecting the market's view that it will have achieved a good deal if it succeeds in getting Steetley at this price.

Its offer of 87 Redland shares for every 100 of Steetley last night valued the group at £640.3m or 398.5p a share. The company had previously bid 85 Redland shares for every 100 Steetley shares.

Steetley's share price yesterday rose 7p to 387p.

Mr David Donne, Steetley's chairman, said: "Redland's illusory increased bid is both inadequate and unacceptable. Steetley shareholders will benefit from Steetley's recovery and future prospects by retaining their shares and rejecting the bid."

He said Redland was seeking to acquire Steetley when the company was at the bottom of one of the worst downturns in the UK construction market. *This was despite Steetley* having outperformed Redland in growth of profits, earnings and dividend for 10 years.

Steetley said the offer price took no account of the potential earnings growth when the UK, US and Spain, moved out of recession.

Mr Robert Napier, Redland's managing director said: "Redland's increased and final offer provides Steetley shareholders with significant increases in capital and income as well as opportunity to share in a world class building group with enhanced growth prospects. The combination of Redland and Steetley has overwhelming commercial logic supported by annual savings of up to £30m before tax, the full benefit of which will come through in 1993."

Dry summer and recession leave Ransomes £4.5m in the red

By Angus Foster

REFLECTING another dry summer and the recession Ransomes, the grass cutting machinery maker, reported a turnround of £13.6m to pre-tax losses of £4.5m for the year 1991.

The company, which omitted its interim dividend, is also passing the final payment – shareholders received a total of 6.15p for 1990. The directors warned that dividends on the convertible preference shares, due next month, may also be passed.

Mr Bob Dodsworth, chief executive, said the company's bankers, Barclays and National Westminster remain "fully supportive".

Borrowings increased by £5.5m to £69.9m by the year end, a legacy from the 1989 takeover of Cushman in the US *and other purchases.* Borrowing facilities have been revised and are secure until the end of November. The company has given its UK and US assets as security.

Turnover fell to £146.7m (£165.2m) and operating profits to £6.1m (£17.9m). The fall in turnover reflected lower sales of commercial grass machinery and industrial vehicles. As well as *climatic factors,* sales to golf courses and local authorities in the UK were also down.

Consumer machinery sales, mainly Mountfield mowers and Westwood garden tractors, were flat at £36m.

Interest charges increased to £9.1m (£8.8m) and there were exceptional costs of £1.5m from staff cuts in the UK and US. Losses per share totalled 17.3p (earnings 1.6p).

Ransomes' investment property division contributed operating profits of £1.3m (£600,000) from disposals.

The property portfolio has been revalued at £34m, down 11 per cent since 1988. Ransomes said it plans to accelerate disposals.

● COMMENT

Ransomes may be regretting its 1989 assessment that the grass was greener in the US. Borrowings taken on to finance the Cushman takeover look dangerously high now recession and the weather have conspired to send operating profits back to mid 1980s levels. Gearing stood at 170 per cent at year end but will rise above 200 per cent during the company's peak borrowing period. Apart from a quick rain dance, there is little Ransomes can do at this stage. The plan to speed up land sales is all very well, but the property market already has its fair share of forced sellers. Forecast profits for 1992 of £3.5m will still translate into a pre-tax loss if the preference dividends are paid. No dividend on the ordinaries looks likely this year and shareholders cannot even console themselves with takeover speculation – any takeover bid would risk reference to the Monopolies and Mergers Commission because of Ransomes' leading position in the UK lawn mower market. *Longer term,* Ransomes has good brands, it has maintained market share and, finances aside, is prepared for any upturn. The question, therefore, is which comes first, upturn, rain or disillusioned bankers.

Torday at near break-even

By Peggy Hollinger

TORDAY & CARLISLE, the niche engineer which fought off an £18m bid from Dowding & Mills last year, yesterday announced the virtual elimination of profits for 1991. The dividend is being cut from 7p to 4.5p.

The result – down from £4m to £25,000 at the pre-tax level – was better than expected as the group had forecast a loss of £110,000 during the three-month bid battle. Turnover fell by 16 per cent to £42.8m. Exceptional charges for redundancies had depressed profits by £684,000.

Further charges of £1.15m were taken below the line. They included the £653,000 cost of fighting off the Dowding bid and a provision for a leasehold property.

Mr Peter Ryan, chairman of Dan-Air, is to become non-executive chairman, following the annual meeting. Mr Paul Torday, chairman and chief executive, said he felt the group needed a more objective role for the chairmanship.

Oldham Signs, where losses had forced the group into the red at the interim stage, had been returned to profit in the final quarter, said Mr Torday. Losses for the year totalled £1m. Mr Torday warned that the order book for 1992 had fallen back from the fourth quarter.

DMI, the diesel engine and marine business, contributed operating profits of £1.8m. Although orders were higher than at the same time last year, Mr Torday warned that factors such as the decline in world trade activity could have a bearing on the division's future performance.

Pound for pound, Mr Torday said Elfab Hughes – which makes pressure relief and safety equipment – had provided a better return on capital employed. This division contributed £650,000 at the operating level.

The final dividend was 3p (4.7p), making a total of 4.5p (7p).

The losses per share were 4.58p compared with earnings of 17.85p.

BBA faces another gloomy year in its main markets

By Richard Gourlay

BBA, the maker of automotive components which yesterday reported 1991 profits down by a third to £49.4m has little to cheer about entering another gloomy year in its biggest markets.

Admittedly the group has put its house in order – about 10 per cent of the workforce has been cut, the interest charge is well down as a result of last year's rights issue and the group should not face a repeat of significant exceptional costs relating to restructuring.

This should lead to an increase in 1992 pre-tax profits of about £11m even without an improvement in the main markets of UK, Australia, France, Italy and Spain. At £60m of profits for the full year, and earnings per share of 9p, BBA is on a fairly heady prospective earnings multiple of over 14 times. But there is not much room for manoeuvre. The group is confident that the German market, which improved last year, is holding up this year year despite the country's growing economic problems. But any reversal there would hit the group at a time when gearing at 42 per cent is relatively high less than a year after a £79m rights issue.

The group is operationally geared for recovery when it arrives. But in the automotive industry, in particular, its customers are going to be keen not to let BBA recover margin it has had to forfeit during the recession.

Barings 'pleased' to have kept profit flat at £42.5m

By Robert Peston

BARINGS, the owner of Baring Brothers, the City of London merchant bank, made pre-tax profits of £42.5m in 1991, barely changed from the £42.4m it made in 1990.

"We are pleased with the result," said Mr Peter Baring, chairman. "The operating environment was not universally friendly."

Profits from two of the firm's core activities – advising companies and trading in Far Eastern shares – were lower than in the previous year. But this fall was offset by strong performances from its funds management subsidiary and from the capital markets and treasury operations.

Mr Baring also pointed out that the company's losses from its loans and leases were small, almost the same as in 1990. Provisions to cover the risk of bad debts were "in the low few millions [of pounds]". Barings' loans – together with leases, acceptances and securities held as banking assets – total more than £1bn.

At the end of last year, Barings bought a 40 per cent interest in Dillon Read, the US investment bank. Mr Baring said this deal was completed too late in the year to have a material effect on the results.

The non-voting equity capital in Barings is held exclusively by the Baring Foundation, a charity. Profits distribution to the foundation – in the form of a dividend and a donation – increased from £4.9m in 1990 to £5.6m in 1991.

DIVIDENDS ANNOUNCED

BBA Group	fin	5.25†	May 29	5.25	7.5†	7.5
Calderburn	fin	4.9	Apr 30	-	7.7	-
Candover	fin	6	May 11	5.5	9.5	8.5
Close Bros	int	3	Apr 16	2.8	-	8.8
Cornwell Parker	int	1.7	Apr 24	1.6	-	5.5
Fairey	fin	6	June 15	5.5	9	8.25
Fife Indmar	fin	3.9	May 4	3.9	4.9	4.9
Greggs	fin	9.375	May 22	9	14.125	13.5
High-Point	int	1.3	Apr 15	2.55	-	7.5
Mucklow (A & J)	int	2.822	July 1	2.56	-	5.63
Perkins Foods	fin	2.6†	May 22	2.3	4.3†	3.8
Persimmon	fin	5.8†	Apr 20	4.65	8.6†	7.15
Polypipe	int	0.63	Apr 22	0.6*	-	3.75
Ransomes	fin	nil	-	4.1	nil	6.15
Takare	fin	1	Apr 24	0.725	1.5	1.075
TDG	fin	6.5	May 8	6.5	9.5	9.5
Thorntons	int	1.25	Apr 30	1.2	-	3.8
Torday Carlisle	fin	3	-	4.7	4.5	7
USDC Inv Tst	fin	3.25	Apr 30	3.25	4.25	4.25

*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

Candover lifted to £3.9m despite buy-out decline

By Charles Batchelor

CANDOVER INVESTMENTS, an investment trust specialising in management buy-outs, increased both pre-tax profits and net assets per share in 1991 despite an overall decline in the level of activity in buy-out markets.

Candover yesterday reported a 7 per cent increase in pre tax profits to £3.96m in 1991 while earnings per share rose by 24 per cent to 12.22p.

Net assets per share rose by 12.4 per cent to 244p. This was less than the 14.4 per cent rise in the FT Actuaries All Share Index over the same period but the company said it was "a fair result" given its conservative approach to valuing unlisted investments. Over the past five years Candover has outperformed the index by a wide margin.

It proposes paying a final dividend of 6p making a total of 9.5p for the year, an increase of 12 per cent.

Candover invested in seven new companies in the UK and four overseas last year. It also made *six follow-on investments* in companies already in its portfolio.

It realised five of its investments for a substantial capital gain. It floated two of its companies, Lowndes Lambert Group Holdings in the UK for a total profit of £5.6m and ARI Network Services on NASDAQ in the US. It also sold its investments in three other companies, Radyne, Allied Filmmakers and Equity Leisure, to trade buyers.

Candover is presently establishing a 1991 Fund and expects to raise £35m for investment in medium-sized buyouts.

Large investments have included buy-outs of Blue *Arrow Personnel Services and* the Midland Newspaper Group.

Trustees appointed to Nadir estate

By Andrew Jack

Bankruptcy proceedings against Mr Asil Nadir, the former chairman of Polly Peck International, have gone a step further with the appointment of trustees to his estate.

The Official Receivers Office has appointed Mr Neil Cooper, a partner with Robson Rhodes, the accountancy firm, to take control of his assets.

He will shortly take over the estate formally.

Den Norske Bank petitioned for proceedings against Mr Nadir last November in respect of a loan for which he had stood guarantee of £1.5m.

Other creditors include the Inland Revenue and four securities houses which have claims against Mr Nadir arising from his purchases of large amounts of Polly Peck shares in the final weeks before the company went into administration in October 1990.

Touche Ross, administrators to Polly Peck, have also served a Mareva injunction on Mr Nadir claiming the repayment of £378m of funds allegedly belonging to the company.

Mr Nadir's assets include some Mediterranean property on which there are secured creditors, and his interests in a number of companies, which have been not given a value.

Petrocon/ Wilkes bid

By Richard Gourlay

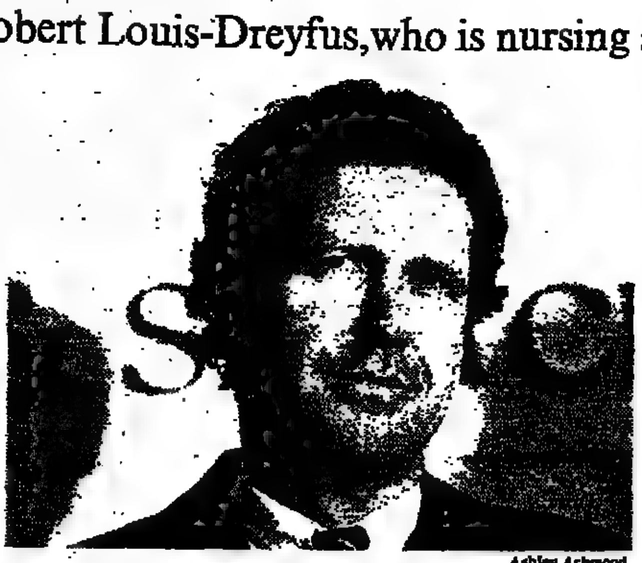
Petrocon, the engineering group, yesterday said it had received acceptances in respect of 13.04 per cent of the shares of James Wilkes, which it bid for last month.

Petrocon either owns or is deemed to be acting in concert with parties that hold a further 5.69 per cent.

UK COMPANY NEWS

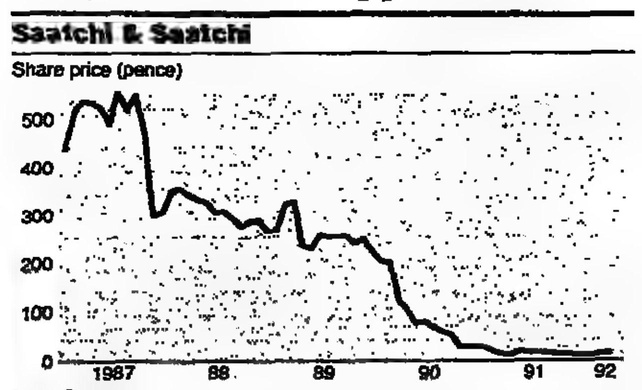
Going to work on a curate's egg

Gary Mead on Robert Louis-Dreyfus, who is nursing a limping but not crippled Saatchi



Ashley Ashwood

Robert Louis-Dreyfus: trying to change the structure



IN JANUARY 1990 the unthinkable happened in the advertising world; Mr Charles and Mr Maurice Saatchi relinquished management control of their sprawling marketing services group to an outsider, Mr Robert Louis-Dreyfus.

Some 16 months later he successfully pushed through a recapitalisation scheme gaining £60m in new equity. Stage one – the prevention of the group's financial collapse after its over-expansion – was over. Stage two – the return to former glories – has hardly started.

The kind of clout the Saatchi brothers once enjoyed has gone and business is tougher to get. Today, Saatchi, the world's second largest marketing services group, will announce results for the 15 months to the end of December 1991. Analysts are predicting group losses of up to £50m; that figure is probably optimistic.

The losses are largely due to provisions against some 100,000 sq ft of empty offices in the US and the UK and the deficit incurred through the winding-up of a small agency in the US. But even without such exceptional items, the group may register losses of £8.6m on revenue of some £720m, down from 1990's £808m.

The reasons for such losses are complex; the fault lies partly in structure, partly in morale, and partly in the collapse of advertising revenue generally.

But there are indications that within three years the group could rise phoenix-like from the ashes.

Structurally, the group is rather like a person with one leg shorter than the other. Saatchi & Saatchi Advertising Worldwide (SSAW) and BSB Worldwide (BSBW) are the group's two international agency networks. While SSAW strides along, BSBW has been limping badly; as a result the group has a stumbling gait.

Changing a self-reinforcing poor image of BSBW will be tricky. In November 1991 Marketing Week magazine published a survey of 150 advertisers who were asked which agencies they most valued.

Saatchi took second place, after J Walter Thompson, and with Ogilvy & Mather third – both of which are subsidiaries of WPP, Saatchi's rival. But BSBW slid from 10th in 1990 to 17th in 1991. BSB's New York office lost important accounts, including Prudential, Fisher Price and Xerox. Mr Louis-Dreyfus has restructured BSBW's New York management in order to stem the defections.

Furthermore, advertising revenue has been badly affected by economic recession both in the UK and the US. Internationally, advertising revenue dropped in real terms by some 3 per cent in 1991, the first such decline in 20 years. The worst fall was in the US, which according to Zenith (the media-buying arm of Saatchi) experienced a 5.9 per cent real drop.

That particularly affects Saatchi; in 1990 its revenues were almost entirely from advertising (98.4 per cent), with 52 per cent of that from the US market.

Cost cutting has been necessary. Saatchi's operational staff has shrunk from 1989's level of more than 18,000 to 12,900 now; the severance bill for 1991 may total £15m. The redundancies have damaged but probably not destroyed morale.

And the group appears to be winning important new business, about $270m (£153.4m) net of new accounts since January 1, including large business from Toyota and BAT Industries. The only major client loss on the horizon is Rover, from the already badly hit BSB Dorland agency.

Mr Charles Scott, chief operating officer, has the task of further tightening financial control over the slimmed-down operation.

His view is that 1993, not 1991, should be the yardstick by which the new management is judged. "Since April 1991 we have been getting management sorted out and the structure right. The 1991 results will show the impact of everything that's been done up until now. Rather than looking at 1991's results, 1992's will really show how well or badly the company operators have done."

In a sense the big pain came in March 1991 with the group's recapitalisation. That removed the threat of having to redeem £211m of Euro-preference shares in 1993. But the current share price of 16½p is a far cry from mid-1989 (before the financial difficulties hit the group) when it stood at about 300p.

Mr Scott's plans include the phased introduction of a system of payment by results rather than the fat fixed salaries of old. "It's a highly paid industry and it would be foolish to try to change that overnight. But we are engaged in trying to change the overall compensation breakdown of the company. While it is not possible to lower fixed salaries, there will be a higher variable component, in terms of annual bonuses," says Mr Scott.

Salaries currently represent 60 per cent of Saatchi's fixed costs, an annual bill of roughly £300m; in 1991 about 300 executives earned salaries of £150,000 and above.

Saatchi – like many other troubled agencies – is also banking on the probability of an upturn in global advertising spending this year. Between 0.7 and 5 per cent real growth in advertising expenditure in 1992 is projected by different analysts, against an annual average 3.2 per cent between 1970 and 1990.

Growth will not be through fresh acquisitions, says Mr Scott. He prefers organic growth.

"Shareholders have taken a lot of pain because of the acquisition policy. It's strongly my view that organic growth is high-quality growth, acquisitions mean low-quality growth. Such drawing-in of horns is now an industry commonplace.

The group has net debt of £225m. The first debt repayment of £20m is not due until December 1993, but the group could be cashflow positive to the tune of £4m in 1992, and improving thereafter.

Mr Louis-Dreyfus wants to strengthen the long-term international competitiveness of the group by building a third network around Campbell Mithun Esty, the Minneapolis-based agency, and KHBB, the London agency, to satisfy multinational client demands for a global service.

One problem overhanging the group – besides the difficulties in lowering high fixed salaries of disgruntled executives – is, says a recently departed Saatchi employee, that "the holding company's size is just not justified". At an estimated cost of £20m annually, the somewhat bureaucratic head office establishment may still need pruning.

Less immediate and less quantifiable worries might yet prove a threat.

If advertising expenditure does pick up, will we see a rash of disenchanted staff leaving to set up their own agencies? What will Mr Louis-Dreyfus do if BSBW in the US fails again this year, or if the incipient CME-KHBB network fails to gel? And as media-buying in Europe becomes a more centralised business, will the otherwise thriving Zenith begin to suffer?

In other words, the group is still in difficult flux, needing careful nursing; only SSAW is holding its own in world rankings.

Lower property profits and interest check Thorntons

By Jane Fuller

IT WAS not so much the high street recession as the dwindling of property profits and increased interest charges that affected Thorntons, the chocolate maker and retailer.

Pre-tax profit fell 7 per cent to £7.17m (£7.75m) on sales of £50.5m (£46.2m) in the six months to January 11.

Operating profit inched ahead to £7.55m (£7.5m); but interest costs rose to £478,000 (£210,000) and property profits fell to £95,000 (£464,000) as the group got out of development.

Mr John Thornton, chairman and chief executive, said increased costs, particularly shop rents, wiped out the gains made through sales growth and improved productivity.

Christmas, which accounts for 30 per cent of sales, had been "extremely late and highly nerve-racking".

But in the end like-for-like takings in the Thorntons shops were up by nearly 9 per cent. Franchised outlets in greetings card shops had not done so well and companies had cut back on gifts.

Retail turnover totalled £35.9m and the number of outlets reached 386. Mr Thornton said the target was to have 650 within five years.

In France, where there are 59 shops under the Martial and Sunset names, sales were virtually flat at £4.6m. Losses, which amounted to £850,000 last year, were being reduced. Meanwhile, the French ice cream factory was helping to meet rising demand in the UK.

Sales of chocolates to private-label customers grew by 31 per cent. Overall the commercial sales division contributed £9.9m (£7.8m) to turnover.

A review of management had led to 50 jobs being cut, although some of the people had been redeployed. About nine new managers were being recruited.

The changes, which would save £600,000 a year, carried a one-off cost of £530,000. After a £250,000 profit on the sale of a shop in the Champs Elysées, exceptional charges would total £380,000 for the year.

The £2m disposal would also help turn net debt of £4m into a probable cash surplus by July, said Mr Thornton, whose family owns 53 per cent of the equity.

Earnings per share declined to 7.53p (8.01p). The interim dividend goes up to 1.25p (1.2p).

● COMMENT

Thorntons has proved itself to be one of the better small-company stocks and the share price, up from 116p to 201p just before these results, has responded after doing little since the May 1988 flotation. However, its recession-resilient image has been a soured a smidgen by squeezed margins on the commercial side and by soft demand between such treat-peaks as Christmas and Valentine's Day. For the rest of this year the minuses, including rent increases and redundancy costs, seem set to outweigh the pluses, which should at last include a better performance in France. A pre-tax profit of between £11m and £11.5m (£11.9m) gives a prospective p/e of nearly 17 on yesterday's close of 200p. At this level, there may be some profit taking, although the group's long-term prospects remain good.

Baltic declines to £9.1m

By Roland Rudd

BALTIC, the leasing and property group, suffered a £2.9m profits fall to £9.1m pretax for the year ended December 31 after taking account of exceptional items.

Asset finance made profits of £24.7m (£27m) which Mr Harry Hyman, finance director, described as a good result in difficult circumstances. The group is now concentrating on its core-activity of leasing.

Interest charges declined from £17.5m to £14.1m, reflecting falling interest rates and a drop in borrowings from £144m to £122m. Net assets increased to £70m (£67m).

Property incurred a loss of £1.46m compared to a profit of £1.38m, which included an exceptional provision of £842,000 relating to the loss on Spanish property financing.

Turnover fell to £38.46m (£52.77m). Fully-diluted earnings emerged at 14.5p (21.5p). A final dividend of 2.5p makes a 4.33p (4.13p) total.

NEWS DIGEST

Close Bros edges ahead to £6.34m

CLOSE BROTHERS, the City merchant bank, reported a marginal increase in pre-tax profits from £6.21m to £6.34m for the six months to January 31, writes David Barchard.

Earnings per share, however, rose by 13 per cent to 11.56p because of a reduced tax charge following two acquisitions last year.

Mr Rod Kent, managing director, said that most of the profit centres reported creditable trading performances and the bank had a good performance by the standards of the rest of the sector.

The group's loan book increased by 4.5 per cent during the half to £250m. Mr Kent said that bad debts were at very low levels and provisions were slightly below those of the last six months. The interim dividend is raised from 2.8p to 3p.

High-Point runs up £64,000 loss

High-Point, the architect, surveyor and consulting engineer, incurred a pre-tax loss of £64,000 for the six months to end-November compared with a profit of £881,000.

The interim dividend is cut from 2.55p to 1.3p.

A further deterioration in the company's business climate, particularly the construction industry, trimmed turnover from £29.35m to £28.2m.

First-half losses per share were 1.04p (earnings 11.19p)

Small advance at Mucklow to £5.34m

A&J Mucklow, the property and construction group, reported pre-tax profits slightly higher at £5.34m, against £5.29m, for the six months to December 31 despite weak industrial and commercial markets.

Gross rents were up from £7.12m to £7.63m. Turnover was down from £1.79m to £1.04m.

There is an increased interim dividend of 2.822p (2.56p). Earnings per share came out ahead at 3.81p (3.78p).

Greggs dips to £6m on higher turnover

Recession continued to have an adverse effect on the bakery sector and this resulted in a dip in pre-tax profits at Greggs, the manufacturer and retailer of bread, confectionery and savoury products, in the 12 months to December 28.

Taxable profits emerged at £6.07m (£7.02m) and were struck on turnover almost 10 per cent ahead at £95.5m (£87m).

Mr Mike Darrington, group managing director, ascribed the profits fall to "recession, increased competition, a significant escalation in rents and the progressive impact of the new food hygiene regulations".

However, Greggs opened 37 new shops and closed 10, leaving the total at 474.

Earnings were down at 36.8p (41.2p) but "in view of the group's strong cash position and dividend cover", the final pay-out is lifted to 9.375p (9p) for a total of 14.125p (13.5p).

Ramus Holdings back in the black

Sales promotions and strict cost controls enabled Ramus Holdings, a manufacturer of ceramic tiles, kitchens and bedroom furniture, to return to the black for the half year ended December 31.

Profits of £142,000 pre-tax compared with previous losses of £278,000. The company also achieved a 15 per cent increase in turnover to £27m. Earnings per share came out at 2.3p against losses of 4.3p last time.

Force One Distributors, acquired for £108,000 at the end of December, was expected to contribute to profits in the next financial year.

Allied-Lyons sells 40 pubs to Greenalls

Allied-Lyons, the drinks, food and retailing group, has agreed to sell 40 pubs to Greenalls Group, the north-west pubs and hotels operator, for £10.15m.

Allied's existing agreement to supply ale and lager to the Greenalls estate will be extended to include the additional pubs.

Allied will continue to brew Greenalls brands, such as Greenalls bitter, as well as the Davenport and Shipstones brands.

Reorganisation costs hit Fife Indmar

Fife Indmar, the engineering holding company, turned in a reduced pre-tax profit for the year to December 31 1991, down from £1.71m to £906,000, on turnover unchanged at £31.8m.

The figure was struck after exceptional reorganisation and redundancy costs of £271,000.

Earnings per share fell to 5.77p (10.86p) and an unchanged final dividend of 3.9p is recommended, making a same-again 4.9p total.

Pict Petroleum down to £1.11m

A fall in oil prices pushed turnover at Pict Petroleum down from £7.06m to £5.9m in the six months to December 31. That was in spite of an increase in production from 479,000 to 550,000 barrels.

Profit before and after tax was down from £3.13m to £1.11m and earnings per share were cut from 8.49p to 2.97p.

The £11.9m raised from the rights issue in November is being used to fund exploration in the North Sea and overseas.

There is again no interim dividend.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.78	17.43	17.43
0100	16.97	17.46	17.46
0130	16.83	18.07	20.35
0200	16.89	18.07	20.34
0230	16.79	17.48	17.48
0300	16.78	17.46	17.46
0330	16.74	17.39	17.39
0400	16.71	17.14	17.14
0430	16.71	17.13	17.13
0500	16.67	17.13	17.13
0530	17.01	17.10	17.10
0600	17.07	17.10	17.10
0630	17.01	17.13	17.13
0700	18.65	17.46	17.48
0730	18.65	19.03	21.34
0800	18.65	19.28	21.61
0830	18.68	19.51	21.85
0900	18.67	19.60	21.95
0930	22.88	22.61	24.96
1000	22.95	[illegible]	24.96
1030	18.38	22.51	24.96
1100	18.37	22.52	24.97
1130	18.38	22.53	24.98
1200	18.38	22.53	24.98
1230	18.37	22.52	24.97
1300	18.36	22.50	24.93
1330	18.26	19.02	21.33
1400	18.35	19.02	21.33
1430	18.65	18.98	21.29
1500	18.65	17.92	20.20
1530	18.65	17.62	17.62
1600	18.65	18.99	21.29
1630	18.66	19.92	22.28
1700	18.67	25.27	28.15
1730	18.67	27.78	31.09
1800	18.69	39.20	42.85
1830	26.32	37.75	41.04
1900	26.34	24.17	26.78
1930	26.31	21.74	24.15
2000	18.66	[illegible]	22.16
2030	18.35	19.28	21.58
2100	17.01	19.05	21.35
2130	17.01	18.14	20.41
2200	16.95	17.52	17.52
2230	16.82	17.15	17.15
2300	16.75	17.12	17.12
2330	16.69	17.10	17.10
2400	16.63	17.07	17.07

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour rounded to two decimal places. To convert prices to pence per kilowatt hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision by correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

[illegible]

Persimmon falls 23% to £22.26m

By Andrew Taylor, Construction Correspondent

PERSIMMON, the north of England-based UK housebuilder, yesterday revealed that it had sold a record number of houses last month but warned that it was too early to talk about a recovery in the UK housing market.

Announcing a 23 per cent drop to £22.26m in pre-tax profits for 1991, Mr Duncan Davidson, chairman, said that the group had made an encouraging start to the current year.

Earnings per share fell from 23.4p to 16.8p. This still left a dividend cover of almost two times leaving plenty of scope for Persimmon to keep its promise to raise dividends by 20 per cent. This was made a year ago when the group raised £33m from a 2-for-11 rights issue priced at 238p a share.

The final dividend was increased from 4.85p to 5.8p making a total of 8.6p (7.15p). Persimmon's share price following yesterday's announcement rose from 287p to 294p.

Mr Davidson said that the group had achieved a record

Duncan Davidson: cautions about signs of recovery

304 sales last month, averaging more than 70 a month. The first week of this month had seen sales slip to 50. This was still encouraging compared with very low sales at the end of last year.

He said: "We are not suggesting that this is the start of a recovery. There have been previous occasions during the past year when sales have picked up only to fall again. Nonetheless we would expect a recovery in house sales to get underway during the next 12 months."

The group which last year sold 2,324 homes intended to increase production to 4,000 homes a year during the next few years. Purchases of sites during the past 12 months had increased the group's land bank from 11,500 to 13,000 plots.

It said that margins should start to improve as higher-priced land bought during the late 1980s was used up. Mr Davidson said that net pre-tax profit per house had fallen from £16,000 in the first half of 1990 to £6,000 in the second half of last year. Net margins had fallen to 15.5 per cent compared with 25 per cent several years ago.

He said said the quality of Persimmon's land bank had enabled the group to stick to its policy of not writing down land values unless it had made a loss on a site. This was then subtracted from operating profits.

The policy is in marked contrast to other housebuilders, some of which are expected to announce very large land provisions during the next few weeks.

See Lex

Expanding Takare jumps 72% to £7.5m

By Roland Rudd

TAKARE, the expanding nursing group for elderly and chronically ill patients, yesterday announced a 72 per cent increase in pre-tax profits, from £4.4m to £7.5m, for the year 1991.

After raising £74m last September in further equity and debenture funding, the group said it was confident that it could grow at 1,200-1,400 beds per annum without going back to shareholders for at least another 18 months.

Sales doubled to £29.6m (£14.8m) and earnings per share increased 40 per cent to 10.1p (7.2p).

A proposed final dividend of 1p makes a total of 1.5p compared with 1p.

Mr Keith Bradshaw, chairman, said the company took heart from both Conservative and Labour party proposals on health care.

If the Conservatives were re-elected, the April 1993 introduction date for the government's initiative to provide more care in the community is expected to boost Takare's involvement with health authorities and health boards.

Labour has a similar pledge for improving services in this area. Its policy document, Better Community Care, states that Labour is committed to making comprehensive community care "an ideology-free zone".

He said: "The company's expansion over the past two years has been conducted against a backdrop of uncertainty as to future public policy on funding chronic care within the UK.

"But with the certainty that our formula represents a major plank in any integrated programme to deal with today's demographic time bomb."

The group may launch a new post-operation service in its nursing homes.

According to officials at the Department of Health as many as 40 per cent of hospital beds are occupied by patients who are recovering from serious operations but who have not yet reached the stage when convalescence can be continued out of hospital.

● COMMENT

Takare's distinctive formula of providing healthcare for the elderly and chronically ill is unlikely to be threatened by a Labour government. Mr Bradshaw points out that 80 per cent of its 4,500 beds are situated in Labour-controlled areas which have been supportive of his company. Apart from the inevitable confusion that results from a change of government, there is no reason to believe that the political uncertainty could be a significant problem for the group. It wisely took the view that 1992 was a year to be long on cash and short on debt: borrowings were just £5m at end-1991, representing gearing of 9 per cent (26 per cent). With forecast profits of £11.8m, giving earnings of 12.1p, the shares are on a prospective multiple of 15.5, which is not expensive given the group's above-average earnings.

SFO to probe European Leisure's Midsummer bid

By John Mason

THE SERIOUS Fraud Office confirmed yesterday that it was to investigate the affairs of European Leisure, the entertainments group.

The investigation will centre on the circumstances surrounding the group's £73m takeover of Midsummer Leisure in early 1990.

The takeover began as an agreed bid but became hostile after the Midsummer Leisure board decided not to recommend the offer to its share holders.

Mr Michael Ward was chairman and chief executive of European Leisure at the time of the contested takeover.

However he resigned in July last year after the company's share price collapsed amid criticism from two former directors.

Mr Ian Rock, European Leisure's group managing director, said the company would co-operate fully with the SFO in its investigation.

"This has come out of the blue, but does not alter the fundamentals of the company," he said.

European Leisure has total borrowings of more than £72m. Last week the company announced it would not be paying a dividend on its preference shares.

It is expected to announce later this month that operating profits for the six months to December 31 have been wiped out by interest payments on its debts.

The investigation follows enquiries into the company by the Department of Trade and Industry which passed information on to the SFO last week.

Xenova in new US deal

By Clive Cookson, Science Editor

XENOVA, a fast-growing UK biotechnology company, will announce today its sixth significant collaborative deal with a large pharmaceutical or chemical company.

The latest agreement – with Warner-Lambert of the US – is to develop drugs to treat heart and brain diseases, based on chemicals discovered by Xenova. The deal is worth several million dollars over five years.

Xenova, a privately held company, was established in 1987 in Slough, west London. Its shareholders include 14 financial institutions in the UK, the US and Japan.

The company specialises in discovering biologically active small molecules – as opposed to the large protein molecules favoured by many other biotechnology companies – by screening the chemicals produced naturally by micro-organisms, particularly fungi.

Besides Warner Lambert, Xenova is collaborating with Genentech and Roche on pharmaceuticals, with Monsanto on fungicides and with FMC in insecticides.

Its most important partner is Genentech, with which it signed a £12.5 agreement last September.

It is too soon for any Xenova drugs to have reached the market yet but Mr Louis Nisbet, chief executive, says half a dozen promising candidates are in development – for treating cancer, auto-immune and cardiovascular disease.

Xenova has raised £18m in capital funding and has an estimated value of £35m. It is deciding now how to raise further funds for the expensive business of product development. One option is a public flotation.

UK side helps TDG advance to £38.9m

By Peggy Hollinger

A STRONG performance in the UK helped Transport Development Group, Britain's second largest haulier, report a small advance in profits from £38.2m to £38.9m for the year to December 31.

However, extraordinary charges of £18.6m (£4m) forced the group to dip into reserves to pay its dividend.

The bulk of the provisions were due to expected losses on the US operation, which is up for sale. The closure costs of loss-making UK businesses accounted for £6m of the charge.

The result was achieved on turnover up by almost £3.7m to £584.3m. Operating profits in the UK improved by £2m to £32.3m.

Sir James Duncan, chairman, said "good housekeeping" in the storage division had helped boost profits substantially. The hire business had also remained profitable.

TDG's operations in France had taken a severe beating from recession in the latter part of the year, with profits down by 66 per cent to £1.2m. The return from continental Europe as a whole was £1m higher at £9.8m.

In the US, two of the three businesses had been sold, while the remaining transport company, Willig Freight Lines, reported a loss. Sir James said TDG was determined to pull out of the US.

The group intended to keep a tight rein on capital expenditure, said Sir James, which totalled £64m in 1991 compared with £81m last time.

So far the group had seen no sign of a pick up in any of its markets, he added. In France "it is even getting a little tougher".

The chairman stressed the strength of the balance sheet. Gearing is just one point higher at 18.8 per cent.

Earnings per share were virtually static at 17.6p (17.7p). A same again final divided of 6.5p is proposed to maintain the total at 9.5p.

● COMMENT

TDG seems to be heading down the right road. Cost-cutting is estimated to be saving between £1.5m and £2m a year. The biggest cost benefits are likely to come in the UK, with little movement up or down in continental Europe. The sorry picture painted of France offers no hope of an easier recessionary ride there, but there are expansion opportunities elsewhere. Meanwhile, the almost 20 per cent stake held by Proventus, the Swedish investor, will help to buoy the shares as punters look for a potential bidder. But the most obvious candidates – such as P&O – have their own problems and are unlikely to approach TDG for a while yet. Forecasts of £43m for next year include a touch of organic growth and some cost savings benefits. The multiple of 13.7 leaves shares fully valued – at least until until Proventus sheds its stake.

Fairey profit little changed after good electronics result

By Roland Rudd

FAIREY, the engineering group, turned in only slightly reduced profits due to a strong performance from its electronics and electrical power division and a five months contribution from LaserMike, the US measuring equipment manufacturer.

Pre-tax profits for the year ended December 31 amounted to £14.5m (£14.6m), reflecting lower interest income.

Sales were up at £88.8m (£86m).

Earnings per share rose from 27.6p to 28.1p, benefiting from a lower tax charge.

The shares rose 22p to close at 385p.

The group ended the year with cash resources of £12.7m (£12.1m). It is expecting to use its cash pile to buy another company as big or bigger than last year's $11.5m (£6.5m) acquisition of LaserMike, the US manufacturer of non-contact dimensional measuring equipment which is now making a valuable contribution.

Mr Derek Kingsbury, chairman, confirmed that the group is likely to make a purchase which would be incorporated into the rapidly expanding electronics and electrical power division.

"We are looking for a good quality purchase. But we do not have to do a deal," he said.

Electronics and electrical power, which five years ago was the junior partner to aerospace, now accounts for the bulk of the group's operating profits. Boosted by the recent addition of LaserMike, it increased its contribution to £7.56m (£7.15m).

Aerospace and defence also increased profits, to £2.45m (£2.26m), as Fairey Hydraulics increased earnings on reduced sales.

Filtration and specialised ceramics showed a profits decline to £3.17m (£3.56m) mainly because fluid power orders from the mobile equipment industry were down sharply

A final dividend of 6p (5.5p) makes a total of 9p compared to 8.25p in the previous year.

● COMMENT

If this is the worst year for Fairey, with static profits and a slight increase in earnings, the future must look pretty good. The group has also ended the year with a healthier cash balance than expected which will almost certainly go towards making a biggish acquisition this year. Although electronics and electrical power was helped by a significant contribution from LaserMike in the US, it is still worth noting that over five years it has transformed its modest profit contribution of just over £2m, which was then significantly behind aerospace and defence, into £7.5m - more than the other two divisions put together. With expected pre-tax profits of £15.5m, giving earnings of 29.1p, the shares are on a prospective multiple of 13.2. This is above the sector average of 12.2, reflecting the group's ability to make good profits in difficult times.

Core businesses help Polypipe improve 11%

By Richard Gourlay

POLYPIPE, the maker of plastic pipes and fittings, yesterday reported a rise in interim profits from £5.27m to £5.85m pre-tax.

The 11 per cent improvement was achieved in spite of taking account of a loss from newly-acquired Oasis Leisure, the garden furniture maker.

Earnings per share for the six months to end-December rose marginally to 2.54p (2.53p) and the interim dividend is being stepped up by 5 per cent to 0.63p.

Mr Kevin McDonald, the chairman, said the core guttering and waste pipes business continued to perform well. New acquisitions during the year had added £8.3m to sales but had been responsible for a £400,000 loss at the operating level.

The largest loss was at Oasis, bought from the receivers last March, though it normally loses before the summer's peak demand season. Polypipe plans to using Oasis's spare out-of-season capacity to manufacture large products for the rest of the group.

Group margins had fallen from 15.5 to 12.3 per cent which Mr McDonald hoped would be reversed at the full year.

The group was ahead of forecasts this year and the chairman said there was a feeling there had been a slight upturn in the economy.

Polypipe is more dependent on the house refurbishment market so had been relatively unaffected by the recession in the housing market, Mr McDonald said.

The group entered the second half with net cash of £8m.

Weak demand leaves Calderburn down at £3m

CALDERBURN, the office furniture manufacturer formed by the merger in July 1991 of Alan Cooper Holdings and Mayfield, reported a pre-tax profit of £3m for the year to end-December.

The result was achieved on turnover of £28.8m, and compares with a restated profit of £5.45m from turnover of £33.6m for the 1990 year.

The company blamed the profits downturn on the weak demand for office furniture and seating in the domestic market.

The decline was exacerbated by exceptional costs which totalled £369,000 (£64,000) and represented the costs of redundancies and merger-related reorganisation.

Mr James Blyth Currie, chairman, said the integration work following the merger had gone better than predicted and it was likely that the enhanced profitability resulting from the synergies and cost savings would exceed original expectations.

Looking to the current year, he said orders had got off to a good start but that the duration of the recession made it increasingly difficult to predict any recovery.

Earnings per share came out at 8.9p (13.9p) and a final dividend of 4.9p is recommended, making a total for the year of 7.7p.

The company had cash balances of £1.4m at the year-end and no borrowings.

Rise to £3.7m at optimistic Cornwell

By Angus Foster

Cornwell Parker, the upmarket furniture and fabrics company, yesterday announced a marginal increase in pre-tax profits from £3.6m to £3.7m for the six months to end January.

Mr Martin Jourdan, chairman, said the results reflected cost controls and stronger profits from the furniture division, which includes Parker Knoll. Parker Knoll's furniture is targeted at the 45 year old and upwards market and is relatively insulated from recession.

Mr Jourdan also reported the first signs of upturn and was hopeful about consumer spending. "We are seeing the end of the recession in our market," he said. Cornwell Parker's fabrics division reported lower profits due to reduced sales. But sales of new ranges, launched since last Autumn, were described as encouraging.

Turnover slipped to £44.1m (£46.1m). The company has eliminated all borrowings and interest charges fell to £66,000 (£315,000). This helped lift earnings to 6.2p (5.9p) and the company is increasing its interim dividend 6.3 per cent to 1.7p.

USDC net asset value improves

Net asset value per ordinary share of USDC Investment Trust, managed by GT Management, rose from 189.7p to 192.1p over the 12 months ended December 31.

Available revenue rose to £1.95m (£1.82m), equal to earnings of 5.33p (4.98p).

A proposed final dividend of 3.25p makes a same-again 4.25p total.

CONTRACTS AND TENDERS

Gold market tests support

By Kenneth Gooding, Mining Correspondent

GOLD'S PRICE dipped briefly below $348 a troy ounce in London yesterday, a psychologically-important level because some technical analysts suggest the metal will suffer a substantial fall, perhaps to below $300, if it is conclusively breached.

On this occasion the price recovered to close in London at $348.90, down 80 cents from Friday.

"Gold has not been seriously below $350 an ounce since the mid-1980s, so chartists have drawn their lines at about $347.50," said Mr Michael Coulson, analyst at stockbroker Durlacher & Company. "If the price does not hold at $347.50, they feel that bear raiders might try to push the price down another $20 or so."

However, Mr Coulson pointed out that gold's price had been falling for the past 12 years "so it is a pretty tired bear market. I would not want to bet big money on trying to push it further down."

Mr Andy Smith, analyst at Union Bank of Switzerland, also said yesterday's price slip was not likely to precipitate a substantial fall. Middle East gold market participants were out of the market during the Islamic fasting month of Ramadan, which had just started. In six of the past seven years during Ramadan, gold's price was 1 per cent lower than in the previous month and the trading range had narrowed.

End of silver glut forecast

By Kenneth Gooding

SILVER STOCKS, now at record levels, could be eliminated by the year 2,000. But prices would rise before then as investors saw the possibility that substantial supply deficits might build up, said Mr Richard Osborne, chairman of Asarco, the US integrated metals producer, yesterday.

He pointed out that 1991 was the sixth consecutive year of growth for silver consumption and the second year in a row in which consumption had exceeded supply.

"If prices stay low and if consumption and supply continue to grow at their current rates, we expect that the historically high level of stocks that exist today will be exhausted and we will begin to experience large deficits of supply," he said at a meeting with the Association of Mining Analysts in London.

"However, it has been the role of the investor to recognise these types of trends ahead of time. We believe that the investor will recognise this trend earlier and begin the process whereby prices will rise, which will then bring the needed silver to the market place."

Western world industrial silver consumption last year increased by 2.4 per cent to 512m troy ounces while output of newly mined and recycled refined silver increased by only 0.9 per cent to 505m ounces.

This left visible refined silver stocks at 293.5m ounces, equivalent to 30 weeks of consumption.

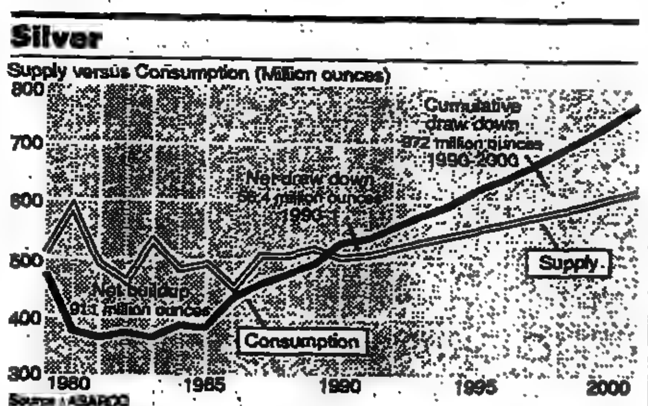
Those high stock levels continued to hit silver prices in 1991 and they fell for the fourth successive year by 16 per cent from an average of US$4.82 an ounce to $4.04.

Asarco produced 18.6m ounces of silver last year (11m ounces for its own account) most of it as a by-product of copper, lead or zinc mining.

Like many other primary silver mining companies, it closed some capacity last year. The Coeur silver mine in Idaho was shut down temporarily because of low prices, causing a 7 per cent fall in Asarco's total silver output.

Questioned about the potential threat to conventional photography – which accounts for about half of silver's industrial consumption – by electronic imaging techniques, Mr Osborne suggested this had been overplayed in the past. It was unlikely that electronic still cameras would make much of an impact in the market for another ten years.

Silver



Source: ASARCO

Danish pork exports set record

By Xueling Lin in Copenhagen

IN CONTRAST to the general downtrend in the European pig producing industry, Danish pig farmers and slaughter-houses were able to boast unprecedented pork exports last year.

Danish exports for 1991 reached a record level of 1m tonnes, an increase of about 11 per cent on 1990. Sales were valued at DKr20bn (£1.8bn), including DKr831m in European Community subsidies.

At the same time, the pig farmers showed an increase in production in 1991 of 4.8 per cent, or almost 700,000 pigs, compared with the previous year. Increases in demand were seen in all traditional export markets except the US.

Because of the large drop in the German pig herd, which resulted in an increase in demand for imports from German slaughter-houses, Danish exports to Germany rose by 26 per cent on the previous year.

A total of 166,000 tonnes were sold to Germany with a value of DKr3bn. According to the Danish Federation of Pig Producers and Slaughterhouses, the boom in exports to Germany is expected to continue through 1992.

Sales to the UK, traditionally the largest export market for Danish pork, rose by a comparatively modest 1.6 per cent on 1990 to 245,000 tonnes.

Exports to European Community countries as a whole rose by about 10 per cent to 651,000 tonnes with a value of DKr11bn.

After a particularly bad year in 1990, farmers have managed to recover lost ground in Japan with an increase in sales of nearly 30 per cent for 1991. According to the federation this reflects a recovery to 1989 levels rather than real growth in exports. Sales for 1991 reached 150,000 tonnes with a value of about DKr4bn.

The only negative development in the Danish success story was a fall in US sales of 9 per cent to 86,000 tonnes for 1991. The drop was blamed on tough competition, particularly in the ham market, the falling US dollar and rising costs at home.

Profits under threat on crumbling pampas

John Barham on the growing problem of soil erosion on Argentina's grain lands

IT SEEMS almost unbelievable that Argentina's vast and prodigiously fertile pampas could ever succumb to soil erosion. In many parts of the pampas the black topsoil is over a metre deep and the land is so rich that farmers use little fertiliser, even though they harvest two crops a year. Nevertheless, a third of the pampas is now affected by moderate to severe soil erosion.

Agronomists say that, while the problem is far from catastrophic in all but a few small black spots, farmers must change their ways to avoid an inexorable decline in crop yields. A sustained drop in productivity would be very bad news for a country that relies on the soyabeans, wheat and beef produced on the pampas for almost 40 per cent of its exports.

Reliable figures are hard to come by. The Centre for Promotion of Soil and Water Conservation estimated in 1986 that 13.5m hectares (8.4m acres) of the pampas - which cover 40m hectares, an area larger than many European countries – were affected by soil erosion. Furthermore, about one-fifth of the degraded area was already severely eroded.

Five years earlier, the agriculture department estimated that soil erosion was costing $100m a year in falling maize yields alone. It added that it cost a further $20m a year to dredge ports silted up with soil swept into rivers by rainwater. No effort has been made since to measure the advance of soil erosion or assess its impact. Experts can only assume that the problem has grown worse since then.

"Obviously we are not talking about desertification," says Mr Octavio Prez Pardo, a government soil erosion specialist. "By most standards, the soil in degraded areas is still quite good. But instead of being thick, black and spongy, the soil looks grey and loses its spring. That is when we warn farmers they must start looking after their land."

> 'Instead of being thick, black and spongy, the soil looks grey and loses its spring'

Degraded soil loses its ability to soak up rainwater. Instead, it courses across the land, carrying away topsoil and reducing fertility, crop yields and profits. Incomes diminish, reducing farmers' ability to invest in the land and combat erosion, locking them into a vicious circle of declining yields and incomes, leading to permanent erosion in some cases. Soil erosion has been speeded by a shift in land use since the 1960s, when farmers began to abandon crop rotation. Crop rotation is an age-old practice in which different crops are grown in rotation and the land regularly left to lie fallow and used as pasture. This allows the land to "rest" and be naturally fertilised by cattle droppings.

In the 1960s, however, farmers began reducing their cattle herds and switching to intensive production of soyabeans and wheat in response strong international demand for grains. To make matters worse, though scientists are unsure why, soyabeans speed soil erosion.

A similar trend is afflicting Brazil's soyabean belt in the southern states of Rio Grande do Sul and Paraña . Mr Gustavo Grobocopatel, an agronomy lecturer at the University of Buenos Aires, says that in some badly degraded areas, farmers have stopped planting maize because it is especially susceptible to declining soil fertility; they have replaced it with soyabeans, further accelerating erosion.

Far from declining, however, average national yields have actually improved since the mid-1980s. This may be because farmers are using more weedkillers and fertilisers. But Mr Neri Simonetti, a government agronomist, warns that "you can suppress the impact of erosion for a time with agrochemicals and you can even increase yields. But in the end it will not work: yields will come down." In some prime maize regions, yields are now down by about 10 per cent.

Efforts to deal with soil erosion have clearly made little headway. Congress passed a soil conservation law in 1981, offering subsidies to farmers who adopted conservation techniques. But often farmers spent the money on new cars or paying bills. The subsidies declined as the economy sank into chaos. In 1989 the government cut off the subsidies altogether.

Agronomists complain that farmers are unwilling to change old habits. In any case, soil erosion is a problem that builds up slowly and few farmers notice it. Switching to soil-friendly farming is expensive at first, and the rewards take time to become apparent. So farmers baulk at the added cost of contour farming or buying cattle. Officials hope, however, that they will learn that going easy on the soil will eventually improve yields, raise income and improve land prices.

However bad the situation may be, it is far from irreversible. Unlike the arid Patagonian steppes that are threatened by desertification, the Pampas are still extraordinarily fertile. Argentina began farming the plains less than a century ago, so the soil is still in comparatively good shape. Furthermore, enlightened farmers are adopting new techniques, like crop rotation, contour farming, and no-till farming.

Mr Grobocopatel explains: "No-till farming is a technique developed in the United States, in which stubble is left standing after harvest and the next crop sown directly on top". This conserves the soil because, unlike ploughing, it does not disturb its structure. Farmers now use the no-till system on about 500,000 hectares, ten times the area three years ago.

The main reason for the technique's popularity, however, is its cheapness rather than its friendliness to the environment. And Mr Simonetti points out that farmers have to use more environmentally-unsound agrochemicals to control weeds, which also flourish in untilled, fertile soil.

'Aid needed to build new copper smelters'

By Kenneth Gooding

NEW COPPER smelters are unlikely to be built without the help of government grants because the financial returns they offer are otherwise unattractive, says Mr Ken Sangster, technical director of Outokumpu Copper Resources.

The state-owned Finnish mining and metals group announced two weeks ago that it had shelved its proposed Metcob copper smelter project in Portugal. "We didn't like the figures we saw [from a feasibility study] earlier this year," says Mr Heikki Solin, OCR's managing director.

When first mooted, it seemed that Portuguese government financial assistance would be available for the Metcob smelter.

However, "the money is now needed for other projects with a higher priority," says Mr Solin.

Exchange-control difficulties arising from the fact that the smelter would have been in the European Ecu area while copper is mainly traded in US dollars, also played a part in the decision not to go ahead, he adds. The smelter would have been heavily dependent on imported raw material because it could take no more than half its requirements from the new Neves Corvo mine in Portugal.

Outokumpu has considered several copper projects over the past few years but its 60 per cent shareholding in Metcob meant that most attention was given to that project.

The Finnish group also was among the potential buyers of the former Rio Tinto Minero copper smelter at Huelva in Spain, now owned by Ercros, a company controlled by Kuwaiti interests. Mr Solin says that it was not possible to agree a price, however.

Mr Sangster suggests the 108,000-tonnes-a-year Spanish smelter "runs well but needs expanding".

OCR was established last May as part of a change in Outokumpu's strategy that sees the group in divisions concentrating on individual metals. Now that the Metcob project has been dropped, OCR's main interest is in developing copper mines in Chile, particularly its 100 per cent owned Zaldivar project.

Its terms of reference do not include Outokumpu's Scandinavian mines or the smelter at the Harjavalta copper-nickel complex in Finland. Outokumpu is "examining its options" for the Harjavalta smelter and its decisions obviously have a bearing on whether or not some of the group's other copper smelter projects are looked at again.

Three other copper smelter projects are being considered. Metallgesellschaft, the German group, is involved with various partners in a $500m scheme for Indonesia to produce 150,000 tonnes of copper a year; and Mitsubishi of Japan is considering one at Texas City, Texas, and one in Thailand. Industry sources suggest that the Thai smelter will be the first to go ahead while there is a growing possibility that the Texas project will be shelved, even though Mitsubishi has spent two years gaining various planning approvals.

Rubber experts begin talks on buffer stock scheme

A PANEL of rubber marketing experts yesterday began a week-long meeting here to review the International Natural Rubber Organisation's buffer stock operations, reports Reuter from Kuala Lumpur.

The ad hoc group, set up in January by the Inro council at the request of the US, will study the market impact and cost-effectiveness of Inro buying and selling rubber, one delegate said.

The group comprises rubber traders and officials from Indonesia, Japan, Malaysia, Thailand, the European Community and the US.

The panel will recommend possible changes to the Inro's operations at the next regular council meeting from May 19 to 27.

The May meeting is expected to reconsider future talks to negotiate the International Natural Rubber Agreement, which is administered by Inro.

Producer and consumer members of Inro are divided over whether to start talks to negotiate a new pact to replace the current five-year Inro, which can be extended by another two years beyond December 1993. The producers, led by Malaysia, have said they are pushing for early Inra talks.

End to banana quotas urged

By David Blackwell

QUOTA CONTROLS on Latin American banana imports to the European Community should be ended, the Committee of Independent EC Banana Importers and Distributors has told the EC Commission.

"A quota scheme or an equally restrictive tariff quota would have dire consequences for European importers, distributors, retailers, community consumers and the fragile economies of Central America," the committee says in a letter to the commission, which is struggling to sort out a banana regime for the European single market.

The committee represents banana importers, distributors and ripeners from 10 EC countries. It points out that consumers in the Benelux countries and Germany enjoy lower banana prices and higher per capita consumption than consumers in the UK, France and Spain, which have protectionist measures to help traditional suppliers in the West Indies and the Canary Islands.

Recognising that growers from the African, Caribbean and Pacific group of states will need some form of protection, the committee suggests a straightforward tariff on Latin American bananas.

WORLD COMMODITIES PRICES

MARKET REPORT

London's robusta coffee market closed with substantial gains but below the day's highs as the New York market, after first slipping back, continued Friday's rally. Traders said the support in the US was due to roaster and commission house buying between 69.50 and 70.50 cents a lb in near May. There was no fresh news from Brazil after last week's vote by Brazilian producers to open talks on a return to an international coffee agreement. London cocoa drifted to fresh 6½-month lows; the market is awaiting indications on the size of the Ivorian mid-crop, which could be higher than previous estimates of about 100,000 tonnes.

On the LME copper prices rallied back above support levels in the afternoon, aided by gains in New York. Most other metals finished a routine day lower. Three-month zinc dropped below the psychological $1,200 level, extending earlier declines, with sell-stops pushing the market to the day's lows. Three-month aluminium fell below support at $1,300 to trade last at $1,291 a tonne. New York cotton futures were at contract lows at midday on bearish fundamentals. Analysts cited market talk that China had increased its crop output to about 26m bales, 2.6m bales more than the USDA projected.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.20-5.25w	-.075
Brent Blend (dated)	$17.25-7.40w	-.025
Brent Blend (Apr)	$17.45-7.55	+.085
W.T.I. (1 pm est)	$18.55-8.70w	+.075
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$194-195	-3
Gas Oil	$158-9	+2
Heavy Fuel Oil	$71-73	-1
Naphtha	$177-179	-2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$348.90	-0.80
Silver (per troy oz)♣	416.0c	-1.0
Platinum (per troy oz)	$361.5	-2.1
Palladium (per troy oz)	$84.25	+0.[illegible]
Copper (US Producer)	[illegible]	-0.875
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.04r	-0.08
Tin (New York)	261.5c	+1.0
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.53p	+0.41
Sheep (live weight)†♠	101.23p	-0.78
Pigs (live weight)†	85.82p	+0.51
London daily sugar (raw)	$209.0v	+1.8
London daily sugar (white)	$268.0v	+1.3
Tate and Lyle export price	£229.0	+1.0
Barley (English feed)	£120.75	
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq.	
Rubber (Apr)♥	[illegible]	
Rubber (May)♥	59.25p	
Rubber (KL RSS No 1 Mar)	209.0m	+1.0
Coconut oil (Philippines)§	$850.0t	+10.0
Palm Oil (Malaysian)§	$385.0	+5.0
Copra (Philippines)§	$430.0w	+15.0
Soyabeans (US)	£158.0q	-1.0
Cotton "A" Index	54.70c	-0.8
Wooltops (64s Super)	480p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jun/Jly u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	162.20	161.00	163.40 160.60
Aug	167.80	165.40	167.00 164.80
Oct	168.00	167.00	168.60 166.20
White	**Close**	**Previous**	**High/Low**
May	264.7	264.0	265.0 262.0
Aug	266.2	266.0	268.5 265.2
Oct	[illegible]	259.0	260.5 258.8

Turnover: Raw 104 (71) lots of 50 tonnes. White 663 (1060)
Paris- White (FFr per tonne): May 1503.51 Aug 1532.11

CRUDE OIL – IPE ($/barrel)

	Close	Previous	High/Low
Apr.	17.44	17.36	17.53 17.37
May	17.56	17.44	17.57 17.45
Jun	17.66	17.50	17.62 17.50
Jul	[illegible]	17.48	17.56 17.52
Sep	17.65	17.64	17.65
IPE Index	17.49	17.51	

Turnover 11737 (19884)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Mar	158.50	157.00	158.50 156.50
Apr	158.25	157.75	158.25 156.75
May	158.00	158.25	159.00 157.75
Jun	161.00	160.50	161.00 159.75
Jul	163.25	163.00	163.50 162.00
Aug	165.50	165.50	165.75 164.00
Sep	167.50	167.25	167.50
Oct	170.00	169.75	170.00 168.75
Nov	171.00	171.00	170.50

Turnover 12602 (11184) lots of 100 tonnes

TEA

A strong demand prevailed reports the Tea Brokers Association. Bright and good medium Africans ruled fully firm to dearer while the remainder were irregular but little changed overall. There were very few withdrawals. Ceylons showed a dearer tendency. Offshore fairly good demand but at slightly lower levels for most descriptions. The highest price realised this week was 171p for a rwanda pf,1. Quotations quality 165p, nom good medium 110p medium 92p low medium 80p.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	646	654	653 645
May	667	676	675 665
Jul	696	705	704 694
Sep	722	731	725 720
Dec	757	765	761 756
Mar	788	796	794 790
May	808	817	811 810
Jul	828		830 830

Turnover: 3653 (2227) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar.6 824.57 (828.87) 10 day average for Mar.9 855.82 (858.49)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low
Mar	810	780	810 805
May	830	805	835 819
Jul	854	828	855 840
Sep	878	852	879 865
Nov	902	877	902 893
Jan	930	906	914

Turnover:2808 (2665) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar.5: Comp. daily 55.00 (54.00) 15 day average 54.92 (55.05)
Sterling close: March £473

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	119.5	121.0	120.0 118.0
May	143.0	144.5	143.5 141.0
Apr	130.0	130.1	130.0 128.5

Turnover 82 (105) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Jun	128.80	[illegible]	128.50 128.50

Turnover 10 (0) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Apr	1335	1340	1340 1335
May	1325	1343	1330 1325
Jul	1155	1165	1156
Oct	1300	1305	1300
BFI	1229	1227	1229

Turnover 41 (258)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
May	128.65	128.60	128.65 128.30
Sep	112.85	[illegible]	[illegible]
Nov	116.05	116.05	116.05
Jan	119.85	119.85	119.85
Mar	122.90	122.90	122.90
Barley	**Close**	**Previous**	**High/Low**
Mar	115.00	114.30	
May	118.25	117.45	

Turnover: Wheat 175 (431), Barley 0 (5).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
May	118.5	119.0	119.2
Jun	116.5	118.2	116.0
Aug	109.0	108.0	108.5
Oct	110.5		110.5

Turnover:23 (37) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 22,416 lots	
Cash	1265-7	1277.5-78.5	1268/7	1266-6.5		
3 months	1291-2	1302-03	1300/1290	1292-2.5	1291-2	160,270 lots
Copper, Grade A (£ per tonne)					Total daily turnover 18,655 lots	
Cash	1285-6	1299-301	1289	1289-9.5		
3 months	1311.5-12	1322-23	1319/1312	1313.5-4.5	1315.5-6	121,133 lots
Lead (£ per tonne)					Total daily turnover 3,418 lots	
Cash	296-7	301.5-2.0	301	301-1.25		
3 months	307-7.5	312-2.25	313/305	311.75-12	306-7	15,341 lots
Nickel ($ per tonne)					Total daily turnover 2,861 lots	
Cash	7560-70	7620-30	7650	7645-60		
3 months	7650-55	7700-10	7770/7620	7725-30	7645-50	22,957 lots
Tin ($ per tonne)					Total daily turnover 1,339 lots	
Cash	5615-20	5620-30	5610	5610-15		
3 months	5655-60	[illegible]	5660/50	5655-60	5670-80	[illegible] lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 10,485 lots	
Cash	1180-81	1205-07		1190-90.5		
3 months	1192-3	1210-13	1208/1191	1200-200.5	1195-6	47,254 lots

LME Closing £/$ rate:
SPOT: [illegible] 3 months: [illegible] 6 months: [illegible] 9 months: 1.6546

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	348.70-349.10	
Opening	358.70-349.10	
Morning fix	349.00	202.907
Afternoon fix	348.80	202.686
Day's high	348.00-349.30	
Day's low	348.10-349.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.88	6 months	3.69
2 months	3.69	12 months	3.70
3 months	3.69		

Silver fix	p/fine oz	US cts equiv
Spot	241.55	415.80
3 months	247.80	420.30
6 months	254.00	425.05
12 months	265.75	435.40

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	349.00-350.00	202.75-203.25
Maple leaf	360.00-361.00	209.00-209.50
New Sovereign	85.25-86.25	49.50-50.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	98	109	12	16
1300	37	49	50	65
1400	10	17	121	121
Copper (Grade A)	**Calls**		**Puts**	
2150	[illegible]	98	10	17
2250	32	39	46	57
2350	6	11	120	127
Coffee	**May**	**Jul**	**May**	**Jul**
800	40	73	10	20
850	14	44	34	41
900	4	28	74	73
Cocoa	**May**	**Jul**	**May**	**Jul**
675	17		25	
700	9	31	42	35
725	5	23	63	52
Brent Crude	**Apr**	**May**	**Apr**	**May**
1750	10	47	10	
1800	1	25		
1850		12		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	349.7	350.5	350.2	348.3
May	350.9	351.5	351.9	351.3
Jun	351.9	352.5	352.3	353.5
Aug	354.2	354.8	354.2	353.0
Oct	356.5	357.1	[illegible]	355.8
Dec	359.0	359.6	359.0	358.5
Feb	361.6	362.2	361.8	361.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Mar	365.1	365.1	0	0
Apr	363.0	363.6	363.4	359.1
Jul	[illegible]	363.1	362.5	360.0
Oct	365.0	365.6	363.0	363.0
Jan	365.0	365.6	363.5	363.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	415.7	415.2	418.5	413.5
Apr	416.9	416.4	0	0
May	418.8	418.3	419.0	415.5
Jul	422.2	421.7	421.5	419.0
Sep	426.0	425.5	0	0
Dec	431.6	431.2	431.5	429.5
Jan	433.5	433.0	0	0
Mar	437.7	437.4	437.5	437.5
May	442.3	442.1	0	0
Jul	446.9	446.7	446.0	446.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	100.90	101.15	101.40	100.70
Apr	100.95	101.30	101.50	100.30
May	100.80	101.15	101.40	100.60
Jun	100.75	100.85	101.00	100.75
Jul	100.60	100.75	100.90	100.20
Aug	100.35	100.50	0	0
Sep	100.10	100.25	100.40	100.20
Oct	99.95	100.10	100.30	100.30
Nov	99.80	99.95	100.15	100.15
Dec	99.70	99.85	100.00	99.75

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	8.24	8.19	8.28	8.13
Jul	8.33	8.25	8.37	8.25
Oct	8.42	8.36	8.46	8.39
Mar	8.64	[illegible]	[illegible]	8.60
May	8.74	8.67	0	0
Jul	8.76	8.71	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Apr	18.57	18.51	18.70	18.47
May	18.85	18.67	18.88	18.65
Jun	18.97	18.78	18.98	18.78
Jul	19.06	18.86	19.04	18.87
Aug	19.08	18.87	19.05	18.94
Sep	19.09	18.88	19.04	18.96
Oct	19.10	18.89	19.07	19.03
Nov	19.11	18.90	19.06	18.97
Dec	19.13	18.92	19.05	18.92
Jan	19.10	18.89	18.96	

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Apr	5118	5103	5165	5100
May	5108	5084	5145	5085
Jun	5118	5071	5135	5080
Jul	5148	5114	5180	5140
Aug	5218	5184	5255	5215
Sep	5341	5309	5385	5355
Oct	5451	5418	5490	5470
Nov	5551	5519	5575	5550
Dec	5651	5619	5690	5690
Jan	5681	5649	5730	5680

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1001	1005	0	0
May	1037	1043	1047	1034
Jul	1073	1080	1082	1072
Sep	1110	1114	1118	1108
Dec	1157	1158	1160	1155
Mar	1197	1200	1200	1194
May	1225	1228	1221	1221
Jul	1255	1258	0	0
Sep	1288	1291	0	0
Dec	1323	1326	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	70.05	70.40	70.50	69.00
May	70.55	71.05	72.05	69.50
Jul	73.00	73.40	74.40	72.10
Sep	75.65	76.25	77.00	75.00
Dec	79.30	79.50	79.70	78.70
Mar	82.80	82.90	82.00	82.00
May	85.00	85.50	0	0
Jul	86.25	88.00	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	51.80	55.77	53.10	51.60
May	54.86	58.60	54.80	53.25
Jul	56.48	59.50	56.50	54.80
Oct	58.90	60.95	58.95	57.85
Dec	59.70	61.45	59.70	58.75
Mar	60.60	61.95	60.90	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	144.95	145.00	145.20	144.00
May	143.85	142.80	144.80	141.50
Jul	140.55	140.00	[illegible]	139.00
Sep	134.40	132.75	135.60	133.50
Nov	124.30	124.00	125.60	123.75
Jan	123.60	122.60	123.70	123.00
Mar	123.35	122.25	123.25	122.75
May	123.35	122.25	0	0
Jul	[illegible]	122.25	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Mar.9	Mar.6	mnth ago	yr ago
1814.0	1608.9	1565.0	1710.1

DOW JONES (Base: Dec. 31 1974 = 100)				
	Mar.6	Mar.5	mnth ago	yr ago
Spot	117.84	N/A	118.61	127.18
Futures	122.56	N/A	122.47	131.21

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	592/4	591/2	594/6	590/0
May	600/2	601/0	603/6	597/6
Jul	610/4	611/4	613/6	608/0
Aug	614/4	615/4	618/0	612/8
Sep	618/2	619/0	621/4	616/4
Nov	627/0	627/2	630/0	624/0
Jan	635/0	636/0	638/4	633/0
Mar	[illegible]	645/0	647/4	642/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.88	20.88	20.95	20.73
May	21.13	21.12	21.20	20.97
Jul	21.46	21.42	21.52	21.29
Aug	21.61	21.57	21.68	21.46
Sep	21.72	21.71	21.84	21.60
Oct	21.82	21.81	21.92	21.78
Dec	22.19	22.11	22.28	22.05
Jan	22.22	22.12	22.38	22.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	175.5	175.7	176.3	175.1
May	177.4	177.9	178.6	177.2
Jul	180.5	180.6	181.4	180.0
Aug	181.5	181.7	182.3	181.1
Sep	182.7	182.9	183.3	182.3
Oct	197.7	187.8	198.0	187.3
Dec	199.4	199.3	199.8	198.6
Jan	200.0	200.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	271/4	267/2	271/4	267/6
May	278/6	275/6	279/0	275/2
Jul	284/2	281/2	284/4	280/6
Sep	278/6	277/4	279/0	276/4
Dec	274/6	274/0	275/0	272/6
Mar	280/6	280/2	281/0	278/6
May	283/2	282/6	283/2	282/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	411/4	403/0	413/0	406/4
May	403/2	392/6	404/0	395/4
Jul	388/6	381/4	390/0	384/0
Sep	[illegible]	384/2	399/0	387/6
Dec	402/0	393/4	402/0	395/4
Mar	403/0	395/4	403/0	399/0

LIVE CATTLE 40,000 lbs; cents/lbs

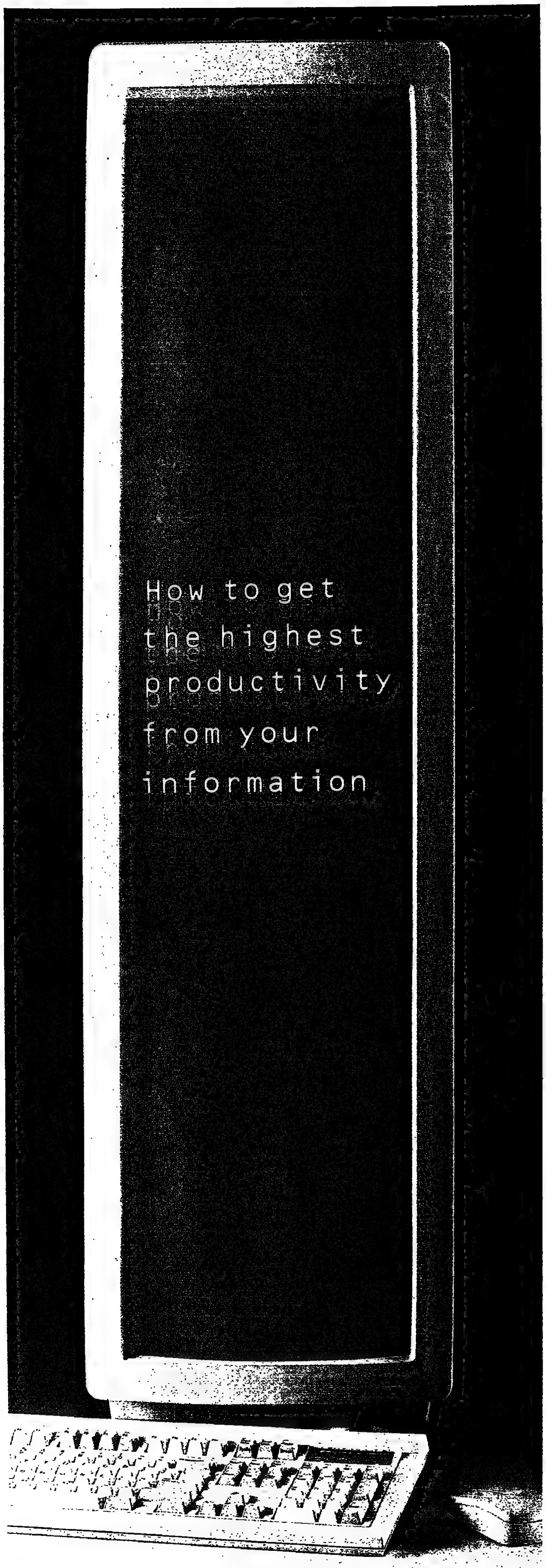
	Close	Previous	High/Low	
Apr	79.525	79.150	79.700	79.100
Jun	75.075	74.650	75.250	74.700
Aug	70.775	70.350	70.925	70.425
Oct	69.950	69.075	70.000	69.250
Dec	70.325	69.750	70.350	69.750
Feb	69.800	69.350	70.000	[illegible]
Apr	70.500	70.250	70.500	0

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	41.250	41.575	41.800	41.125
Jun	46.525	46.525	46.775	46.050
Jul	45.950	46.275	46.575	45.800
Aug	[illegible]	44.200	44.500	43.825
Oct	41.600	41.425	41.600	41.175
Dec	[illegible]	[illegible]	44.900	44.450
Feb	45.750	45.850	45.800	45.500
Apr	[illegible]	43.000	43.300	43.100

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	36.400	35.625	36.500	34.500
May	37.350	36.800	37.500	36.150
Jul	38.100	37.550	38.350	37.100
Aug	36.575	36.100	37.300	36.000
Feb	49.200	49.000	49.300	48.800
Mar	48.500	47.800	49.000	48.500
May	50.500	50.500	0	0


How to get
the highest
productivity
from your
information

LONDON STOCK EXCHANGE

Equities gain ground in thin trading

By Terry Byland, UK Stock Market Editor

THE FINAL pre-Budget trading session in UK equities, also the opening of the new two-week account in the stock market, saw shares moving forward confidently, although turnover was restrained ahead of this afternoon's speech from Mr Norman Lamont, the UK chancellor, in the House of Commons.

Several London-based securities houses expressed the view that the relatively generous budget which is expected today could set the stage for gains in the stock market, especially if it triggers an election victory for the governing Conservative party.

Announcement of the election date is widely expected this week. Mr Ian Harnett of Strauss Turnbull, the UK securities arm of Société Générale, commented yesterday that in four of the last five UK general elections, the equity market had risen by around 4 per cent between the announcement of the election date and polling day.

Account Dealing Dates			
First Dealings:	Feb 24	Mar 9	Mar 23
Option Declarations:	Mar 5	Mar 19	Apr 2
Last Dealings:	Mar 6	Mar 20	Apr 3
Account Day:	Mar 16	Mar 30	Apr 13

*New-time dealings may take place from 8.30 am two business days earlier.

Hopes for an early cut in UK base rates, while dimmed somewhat by recent pressures on sterling, also remained in place. Building and retail stocks, all likely beneficiaries of a rate cut, moved higher.

But little attention was paid to the consumer credit statistics for January announced yesterday.

The market opened lower, reflecting the uncertainties facing the market this week, and the FT-SE Index dipped to 2,522.7 in early trading as dealers backed away in the face of an inadequate level of business from the big institutions.

At this level, the stock index futures market came in and a good premium on the March contract on the Footsie inspired a recovery in underlying equities.

The market moved back to the lower end of its current trading range, brushing off the effects of downward adjustments in a batch of blue chip stocks to allow for dividend payments.

At best, the market was more than 19 points ahead on the Footsie before it closed at 2,550.7, a net gain on the day of 17.6 points. Traders were quick to point out that last night's close left the Index only at the low end of its perceived trading range and that trading volume had not been sufficient to provide much test of market confidence.

Seaq-reported volume of 383.6m shares underlined this point. Friday's total reached 538.4m shares and reflected retail or customer business worth £1.1bn; customer business has topped £1bn on five out of the past seven trading sessions, indicating a significant improvement in market profitability.

With the attention now firmly fixed on the domestic political and economic scene, and Wall Street a mere two points off on the Dow Average in London hours, the international blue chips lacked direction. Some leading stocks moved sharply, but a fall in ICI was little more than the ex dividend adjustment, while speculative demand for Midland Bank was not regarded as serious investment activity.

Today brings, in addition to the UK Budget, a test for Wall Street in the form of the Super Tuesday primaries for the Presidential elections. Economic data on both sides of the Atlantic is likely to play a subdued role this week although the US retail sales figures, due on Thursday, will be eagerly scanned for any signs of a nascent recovery in the economy.

Spotlight falls on Guinness

WIDESPREAD belief that a stake has been built up in Guinness, the international drinks group, by Mr Warren Buffett, chairman of US investment house Salomon Inc, pushed the shares up 20 to 608p on turnover of 3.5m. A block of shares was crossed between institutions at 607½p.

Mr John Wakely, drinks analyst at Shearson Lehman Brothers, reviewing doubts regarding Mr Buffett's suggested interest, pointed out that Guinness has "a potential compound growth rate among the highest of any consumer company".

He added that Mr Buffett has "sanctified" the stock for US investors and that, as foreign buyers raise their holdings in Guinness, UK fund managers are in danger of becoming seriously underweight in Britain's sixth largest company. Mr Wakely believes that some large UK investment institutions do not own any Guinness shares at all.

Midland gains

Midland Bank moved higher as the prospect of preliminary results today from Hongkong and Shanghai Banking, holder of 14.7 per cent of the Midland equity, rekindled speculative activity. Hints from Far East sources suggested that Hongkong Bank may announce a rights issue along with its results.

Suggestions that the bank might raise as much as HK$20bn (around £1.5bn) fuelled speculation that it might increase its stake in Midland, or even mount a full takeover. A merger between Midland and Hongkong Bank was on the cards after the Far Eastern bank acquired its stake some years ago, but the likelihood faded last year when the two boards said merger talks had been ended.

There were hints that other suitors had run the slide rule over Midland. BAT Industries, the tobacco to financial services giant, has been mentioned as a potential bidder, as has Prudential, the UK insurance group. Midland closed 6 firmer at 269p ex-dividend.

Forte advances

Hotel group Forte received a boost as the share price nudged above the 226p level at which holders of the group's maturing £85m Eurobond can exercise the accompanying warrants convertible into ordinary shares.

Today is the final day for holders to take up shares, and Mr Richard Power, Forte's director of corporate affairs, said there had been a steady stream of enquiries in recent days. "Although it is too early to say, there has been a lot of interest from holders wanting to convert. It is looking quite good at the moment."

There were fears that if the share price stayed below the 226p mark, warrant holders would shun the chance of taking their shares and leave Forte without the £93m that would be raised if the warrants were exercised. But Mr Power believed many warrants were held by arbitrageurs who had gone short on share positions over the last week, and would buy stock today. The shares closed a penny ahead at 227p after moderate volume of 2.8m.

Gas firmer

The best performance in a generally reluctant energy sector came from British Gas after a presentation to institutions hosted by Hoare Govett, the company's stockbroker. Gas shares ran up 6 to 257½p on turnover of 3.1m.

Hoare said that directors of British Gas had told the gathered ranks of institutions that the company remained committed to "real" dividend growth".

It also emerged from the meeting that Gas executives were expecting a constructive deal with the Office of Fair Trading regarding Gas's pipelines business and alterations to its dominant position in industrial and commercial gas supply in the UK.

Worries about the cost of heavy redundancies and news that County NatWest has removed BT "new" from its buy list upset both classes of BT stock. Mr Patrick Wellington at County reiterated his cautious stance and said the trading environment at BT remains very difficult: "Political risk is substantial and the prospect of a Labour electoral victory is not fully reflected in the share price." The "old" shares eased to 333p and the "new" 2 to 118¾p.

Big switching out of NatWest and into TSB drove the latter's shares 2½ better to 128p on keen turnover of 4.3m. Strong support ahead of tomorrow's preliminary results – expected to show profits up from £150m to around £200m and a maintained dividend – saw Standard Chartered move ahead 18 to 459p.

The composite insurance area was alive with speculation that one of its constituents may yet emerge as the target of one of the big European insurance groupings. Takeover talk was again centred on Guardian Royal Exchange, which advanced 7 to 123p. Royal Insurance, depressed recently by the dreadful figures and dividend omission, shot up 12 to 188p.

BP and Shell edged higher as the session wore on, with both stocks closing at the day's best levels; partly reflecting keen overseas support.

The former, under pressure towards the back end of last week as its head of exploration and production failed to wholly please US institutions at an important presentation in New York, firmed [illegible] on 6.5m shares traded. Shell settled 5 ahead at 447p on 2m traded.

A few buyers moved back into the property sector after last week's poor showing, picking up selected stocks. MEPC put on 7 to 342p in good turnover of 1.2m, Land Securities improved 9 to 432p and British Land rose 11 to 225p.

A second profits warning in a week saw chemicals group MTM tumble 70 to 119p.

Hopes of an imminent cut in UK interest rates inspired a burst of support for the building stocks. Persimmon, additionally boosted by the impressive dividend, advanced 7 to 294p.

George Wimpey, a recent strong performer as the market has anticipated the group maintaining its final dividend when its preliminary figures are announced on March 17, put on 6 more to 143p.

Marley, the roof tile specialist, responded to a Kleinwort Benson buy recommendation and closed 5 higher at 122p.

A buy recommendation from UBS Phillips & Drew lifted P & O 40 to 399p. Mr Richard Hannah predicted annual profits of £210m (£261m previously).

Transport Development Group gained 3 to 269p on reporting a maintained dividend.

Among engineering stocks, Fairey Group raced forward 22 to 385p following an increased dividend.

A 43 per cent setback at BBA left the shares only 2 down at 132p. The maintained dividend helped to prevent a greater fall in the shares.

T & N picked up 6 to 117p on talk that the company is likely to maintain the dividend when it reports its figures tomorrow.

US recovery hopes boosted Siebe, which rose 16 to 596p.

Brewers and spirits groups tended to be pulled up by the performance of Guinness. Allied-Lyons put on 5 to 650p and Grand Metropolitan climbed 12 to 908p.

Figures from Hillsdown tomorrow are expected to show a decline in 1991 profits to around £184m from £191.2m. The shares rose 4 to 172p.

In the leisure sector, sentiment was helped by a positive document from County NatWest as the stockbroker decided that "the worst is over" and that, within certain criteria, "1992 will be the year when the sector resumes its pattern of outperformance" to the FT-Actuaries All-Share index.

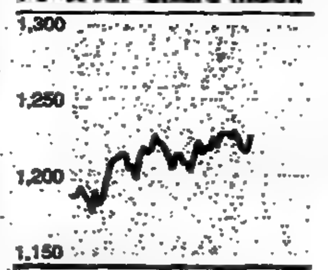
Reflection on its purchase of Virgin's music division helped Thorn EMI add 9 at 815p. There was good volume in Granada Group of 2.6m, the shares rising 5 to 260p, helped by a bullish presentation given by BSkyB, in which Granada is a shareholder.

Euro Disney continued to benefit from its prospective inclusion in the CAC 40 index in Paris as French investors bought the stock ahead of the March 19 joining date. From that time, the stock can count on buying from index-related funds. The shares climbed 20 to 1655p.

MARKET REPORTERS: Colin Millham, Joel Kibazo, Steve Thompson, Christopher Price.

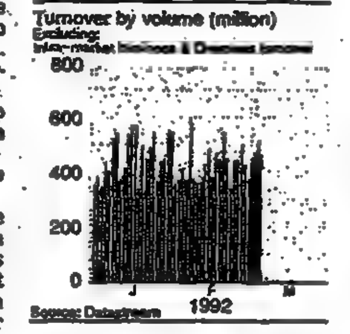
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 25.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (21).

BRITISH FUNDS (2) Tr. 3pc 1992, Tr. 8pc 1992, AMERICANS (1) Sears Roebuck, BANKS (2) ABN Amro, Espirito Santo Fin., BREWERS & DISTILLERS (4) Guinness, Do. 8¾pc Cv. 199-01, Scot. & Newcastle, Wolv. & Dudley, BUILDING MATERIALS (2) Erwin, Haywood Williams Prf., Wolseley, BUSINESS SERVICES (3) Davis Service, Hogg Robinson, Johnson Cleaners, CHEMICALS (2) BOC, Halstead (J), CONGLOMERATES (2) Engelhard, Wassall, CONTRACTING & CONSTRUCTION (3) Bellway, Bodycote, ELECTRICALS (3) Chemring, Johnson Elect., Volex, ELECTRONICS (3) Bowthorpe, Diploma, Farnell, ENGINEERING GENERAL (5) Fairey, Hall, Metalrax, Siebe, Weir, FOOD MANUFACTURING (2) Cranswick, Salvesen (Chr), FOOD RETAILING (1) Iceland Frozen, HEALTH & HOUSEHOLD (2) Macarthy, Proteus, HOTELS & LEISURE (2) Euro Disney, Granada, INVESTMENT TRUSTS (15) Baring Chrysalis, Beta Global Emrg. Mkts., Exeter Prfd. Zero Deb. 2002, General Cons. Stppd. Prf., Genesis Chile Fund Wrrnts., I & S Inc. Zero Div., Murray Enterprise, Murray Split Cap. Zero Prf., River & Merc. Stppd. Prf., Sth. America Fund., Do. Wrrnts., Spanish Smllr Co's., Do. Wrrnts., World Tst. Fund Wrrnts., Templeton Emrg. Mkts. Wrrnts., MEDIA (4) Craton Lodge, Daily Mail A, Grampian TVA, Pearson, METAL & METAL FORMING (1) Britain (J), MISCELLANEOUS (3) Cornwell Parker A, Relyon, Toye, OIL & GAS (2) AmBrit, Sidlaw, PACKAGING, PAPER & PRINTING (3) Bowater, CMB Packaging, Low & Bonar, TEXTILES (2) Dawson Intl., French (Th), Readicut, MINES (1) Caledonia Mining.

NEW LOWS (42).

CANADIANS (2) Granges, Gulf Canada, BUSINESS SERVICES (1) REA, CHEMICALS (1) MTM, CONTRACTING & CONSTRUCTION (1) Birse, ENGINEERING GENERAL (2) Fenner, Hadleigh Inds., HOTELS & LEISURE (2) Allied Leis., European Leis., Kunick 8¼pc Prf., INSURANCE LIFE (1) Utd. Friendly B, INVESTMENT TRUSTS (6) Drayton Blue Chip, JF Pacific Wrrnt. (Regd), River Plate, Do. Wrrnt., Scot. National Inc., Thornton Asian Emrg. Mkts. Wrrnts., METAL & METAL FORMING (1) Tinsley (E), MISCELLANEOUS (7) Business Tech., OIL & GAS (4) Alliance Res., Aviva Petrlm., Pict Petrlm., Triton Europe, OTHER FINANCIAL (1) King & Shaxson, OTHER INDUSTRIAL MATERIALS (1) Marling Inds., PROPERTY (11) Brit Land (Jersey) 6½pc Cv 2011, Brixton Ests., Cap. & Counties, Derwent Valley, Fletcher King, Hammerson A, Land Securities, MEPC, Mowat, Regalian, Slough Ests., TEXTILES (2) Gent (SR), Richards, MINES (4) Beatrix, Bofels, ERGO, Joel (HJ).

FINANCIAL TIMES STOCK INDICES

	Mar 9	Mar 6	Mar 5	Mar 4	Mar 3	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	87.52	87.22	87.42	87.76	88.15	85.25	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	100.58	100.50	100.79	101.01	101.22	93.42	101.55 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1984.4	1962.6	1970.6	1998.5	1967.0	1956.2	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	126.5	128.0	125.5	126.0	130.1	147.1	222.8 (11/7/91)	126.0 (4/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2550.7	2533.1	2536.3	2558.4	2565.4	2469.1	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1187.68	1192.32	1187.90	1200.08	1198.64	1128.31	1200.08 (4/3/92)	938.62 (16/1/91)	1200.08 (4/3/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.51	4.53	4.53	4.50	4.47	4.96				
●Earning Yld.% (full)	6.41	6.44	6.44	6.39	6.49	9.48				
●P/E Ratio(Net)	19.73	19.64	19.62	19.79	19.38	13.01				
SEAQ Bargains 5.30pm	24,583	28,173	36,656	34,671	34,513	44,348				
Equity Turnover (£m)†	-	1032.0	1,120.4	1224.6	1134.4	1125.74				
Equity Bargains†	-	42,582	41,207	39,398	38,838	44,977				
Shares Traded (mil)†	-	482.7	535.4	486.0	466.4	537.4				

Basis 100 Govt. Secs. 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ... 16/1/91

Ordinary Share Index, Hourly changes — Day's High 1985.5 — Day's Low 1959.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1966.5	1964.8	1966.6	1974.6	1974.5	1974.4	1976.3	1979.8	1983.3

FT-SE 100, Hourly changes — Day's High 2552.3 — Day's Low 2522.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2522.5	2529.7	2530.7	2541.0	2541.2	2542.4	2543.6	2545.6	2548.9

FT-SE Eurotrack 200, Hourly changes — Day's High 1188.19 — Day's Low 1180.49

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1183.49	1181.10	1184.94	1186.34	1185.96	1186.82	1187.96

GILT EDGED ACTIVITY

Indices*	Mar 6	Mar 5
Gilt Edged Bargains	102.4	108.6
5 – Day average	109.3	117.7

*SE Activity 1974
†Excluding intra-market business and Overseas turnover.

London report and latest Share index Tel 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A SQUEEZE on stock index futures sent the March contract on the FT-SE 100 racing forward, pulling the underlying cash market higher, writes Joel Kibazo.

The opening level of 2,536 proved to be the low-point of the session, as the March contract found sporadic buyers shortly after the opening, with dealers who had gone "short" over the weekend trying to cover positions.

That buying gathered momentum around 10am when, combined with orders from two leading houses, March was squeezed forward to touch 2,552.

The tentative opening on Wall Street initially caused March to relinquish earlier gains, but its turnaround led to a further squeeze in the dying minutes of the session, with UBS Phillips and Drew reported to be particularly active.

The March contract closed at 2,574, around 18 points above its estimated fair value premium to cash which fell to around 4 for this account. Turnover remained poor at 4,782 lots.

The traded options market remained dull with the turnover a negligible 17,637.

Amstrad was the busiest stock option, trading 2,555 contracts.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 High	1991/92 Low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
8pc 1992	[illegible]					8.82	9.77
10½pc Cv 1992	[illegible]						10.23
3pc 1992	[illegible]						7.93
Exch 12¾pc 1992	[illegible]					12.13	10.04

[illegible]

APPOINTMENTS

Heir-apparent at AAH

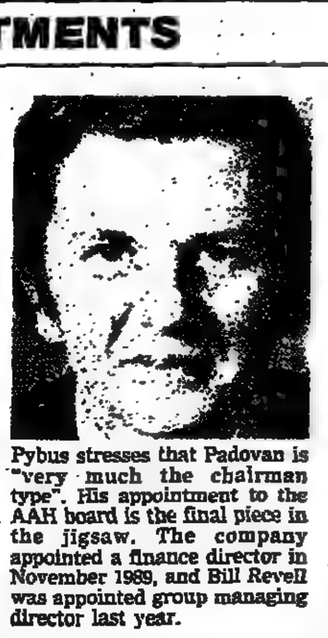
Do merchant bankers make good company chairman? The shareholders of AAH Holdings, the healthcare and distribution group, may not have too long to wait to find out now that John Padovan has been appointed deputy chairman.

Padovan, 53, has excellent City connections; he has been chairman and chief executive of County Bank, deputy chairman of Hambros Bank, and most recently deputy chairman of Barclays de Zoete Wedd. "The City is mostly a place for people under 50," says Padovan, who retired from BZW in August 1991 and is now embarking on a new career as a professional non-executive director.

However, he stresses that he has no aspirations to have dozens of them. He is a non-executive at Tesco, Whitbread and The Harrstone Group which, together with his latest appointment, should keep him fully occupied.

Bill Pybus, 68, who has headed AAH since 1968, sees Padovan as his heir-apparent. He first got to know Padovan when the latter was running County Bank, the merchant banking subsidiary of NatWest where Pybus was a regional director. Padovan handled several acquisitions for AAH and Pybus says that NatWest made a mistake in letting Padovan go.

Although the record of merchant bankers making good company chairman is patchy,



Pybus stresses that Padovan is "very much the chairman type". His appointment to the AAH board is the final piece in the jigsaw. The company appointed a finance director in November 1989, and Bill Revell was appointed group managing director last year.

An upstream struggle

Ed Gallagher, who was appointed last week as the new chief executive of the National Rivers Authority, comes from an industry background.

Most recently, he has been the director at Amersham International with responsibility for manufacturing operations in the UK, US and Germany, and global responsibilities for distribution and information technology. A chartered engineer, Gallagher, 47, graduated from Sheffield with a first class degree in engineering. He joined Black & Decker in 1971, first in the UK, then from 1981 in the US where he was director of business analysis and later of market and product development. He moved to Amersham in 1986.

Gallagher joins the NRA at a difficult time because of the government's plans to set up a new environment agency which would take over many of the NRA's responsibilities.

The NRA and environmental groups are fighting the proposal in order to safeguard the NRA's position as an effective environmental watchdog. He is also stepping into the shoes of John Bowman, the chief executive at the launch of the NRA when the water industry in England and Wales was privatised in 1989, who resigned last June because of "serious shortcomings" which led to overspending of around £1m on new headquarters in Bristol.

Len Peach for police quango

Sir Leonard Peach is to become chairman of the Police Complaints Authority in August when the current chairman, Judge Francis Petre, retires.

Sir Leonard spent most of his working life at IBM (UK) where he specialised in personnel management. In 1985, he was seconded to the DHSS as the first director of personnel of the new NHS Management Board after the introduction of general management in the health service.

When the first chief executive, Victor Paige, resigned after falling out with his political masters, Sir Leonard moved into the top job. He was responsible for introducing the management performance reviews and individual performance pay for NHS managers. His three-year secondment to the health service ended in January 1989, shortly before the introduction of the controversial NHS reforms.

Sir Leonard returned to IBM as director of personnel and corporate affairs, a post from which he is soon to retire.

He was president of the Institute of Personnel Management between 1983 and 1985.

■ Kevin Gregory has been promoted to finance director of MOUNTLEIGH on the resignation of Jeff Warren.
■ Michael Foster, formerly md of COURAGE, has been appointed chairman of Courage UK and Europe. Nick Bryan is promoted to take his place as md of Courage UK. Ian McHoul is appointed executive director, strategy and planning. David Clayton-Smith is promoted to group executive director, marketing, and Colin Ions to group executive director, human resources.
■ John Wedgwood has been appointed company secretary of LASMO on the resignation of Edwin Titcombe.

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs		34¾xd	-11/32	36 11/16	20⅞	14,778	2.0
♥Allegheny & W		321p	—	385p	218p	168.3	5.3
Amdahl		1015p	-39	1159p	667p	1,126	0.6
Amer Cyanamid		38½	-¼	42⅛	25⅜	3,403	2.3
Amer Express		12½xd	+1/32	17⅞	9 11/16	5,800	4.5
Amer T & T		21 13/16xd	+1/16	24½	15¾	28,654	3.4
Ameritech		34⅜	+⅛	38⅞	32½	15,060	5.6
BankAmerica		25⅛xd	-13/32	28 5/16	12 3/16	6,462	2.9
Bankers NY		34 1/16xd	-1/16	38 3/16	20 1/16	2,799	8.0
Bell Atlantic		24½	—	30½	24¼	8,635	5.8
BellSouth		28⅛	—	31¼	25	12,871	5.9
♥Bethlehem Steel		8½xd	-½	11¼	6 3/16	647.9	—
Bowater		1501pxd	-46	1635p	1042p	599.2	4.5
CPC		48⅜xd	-1⅛	64 15/32	37 11/16	3,858	2.8
California Engy		737p	-16	930p	420p	134.2	—
Campbell Soup		21½	+3/16	25	14⅛	6,404	1.8
Chase Manhattan		12¾xd	-¼	14 5/16	5⅞	1,733	5.3
Chrysler		9⅞xd	-⅜	10⅝	5⅜	2,748	3.6
Citicorp		9¼xd	-⅜	10⅝	4⅝	3,177	—
Colgate-Palm		27⅛xd	+¼	27⅝	21 3/16	3,944	2.2
Cont'l Bank		878p	-31	978p	438p	887.2	3.8
Dana		21 1/16xd	-3/16	21⅝	13⅝	885.8	4.3
Data General		667p	-16	1282p	203p	184.1	—
Dial		28⅛xd	—	29⅛	12⅞	1,158	2.7
Dun & Brad		32	-¼	32⅝	20¾	5,710	3.8
Eaton		41⅜	-¼	41⅞	24¼	[illegible]	3.0
Echlin		9 13/16xd	-⅛	9 13/16	5½	548.8	4.0
FPL		19¼xd	—	20⅛	14 3/16	3,293	7.0
Fluor		24⅛xd	-⅛	30 5/16	17 3/16	1,977	0.9
Ford Motor		28⅜xd	-7/32	28¼	73	9,882	2.7
Gen Elect		45xd	-¼	48 13/16	39 3/16	38,998	2.6
♥General Host		448p	—	565p	270p	—	4.1

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Price	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Kenmare	8	+¼	25	3½	4.80	–
‡‡Navan Res IC	22½	–3½	28	15	3.08	–
Northgate Expl C$	44¾	+1	66	38	0.64	–
North West Expl A$	3		16	2	1.01	–
Ory. Gold $	88	+½	109	79	–	–
‡‡Ovoca Gold IC	10		20	8	0.79	–
Plateau	8		44	9	4.18	–
RTZ	548	+8	608	404	5,485	4.8
Vizcaya	2		10	2	1.87	–
Western & Pac C$	12½		182	7	6.85	–
Young Grp	47	+2	133	25	7.87	14.8

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated with the price.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks, which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ¶ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress.
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other offical estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other offical estimates for 1991-92.
N Yield based on prospectus or other offical estimates for 1992.
P Figures based on prospectus or other official estimates for 1991
R Forecast annualised yield, p/e based on prospectus or other offical estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1280 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Managers Limited (1000)F						
51 Belmont Rd Uxbridge Middx UB8 1RZ 0895 259783						
AIB American	5	114.6	120.0	126.3	-4.70	0.00
AIB Equity &	5	169.8	171.8	181.8	-0.50	1.22
AIB European	5	136.6	138.4	145.7	-1.00	1.01
AIB Gilt	3	70.09	70.12	72.29	[illegible]	[illegible]
AIB Japan	5	117.4	119.1	125.4	-1.78	0.00
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Gr's
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	36.47	36.47	38.79	-0.1	2.17
UK Equity Gth Acc	5¼	49.97	50.83	54.01	----	1.89
UK Eq High Inc Inc	5¼	28.87	29.57	31.42	----	5.99
UK Eq High Inc Acc	5¼	32.46	33.25	35.33	..	5.99
UK Equity Gen Acc	5¼	46.08	46.81	49.74	----	3.28
UK Equity Gen Inc	5¼	36.06	36.63	38.92	----	3.28
UK Larger Cos Acc F	7¼	307.5	311.4	337.9	----	3.28
UK Larger Cos Inc F	7¼	247.6	250.7	272.1	-0.3	4.60
Gilt & Fxd Int Inc	5¼	28.12	28.18	29.81	-0.2	4.60
O'seas Larg Cos Acc F	7¼	211.5	215.2	233.5	-1.5	2.04
Nth American Acc	5¼	36.69	36.82	39.13	-0.4	0.97
Far East Acc	5¼	39.11	40.11	42.62	-0.2	0.11
European Acc	5¼	35.63	37.00	39.32	-0.2	1.53
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	298.9	298.9	319.0	-1.8	0.70
(Accum Units) ♥	5	351.8	351.8	375.5	-2.1	0.70
British	5	794.7	811.8xd	858.9	+5.3	6.04
(Accum Units)	5	1392.7	1361.4	1440.4	+8.9	6.04
European	5	340.6	340.6	361.5		1.39
(Accum Units)	5	369.2	369.2	391.9		1.39
Japan	5	104.0	104.0	110.6	-0.9	–
(Accum Units)	5	104.8	104.8	111.5	-0.9	–
New Pacific	5	196.6	196.6	210.5	+0.6	1.63
(Accum Units)	5	201.9	201.9	216.2	+0.6	1.63
PEP Mar 4	5	149.4	150.9	159.6	----	3.52
Mngd Equity	5	126.6	128.0	135.4	+0.3	2.78
Mngd Equity Acc	5	134.3	135.8	143.7	+0.4	2.78
Mngd Cash	0	96.74	96.74	96.74	+0.05	10.20
(Accum Units)	0	119.3	119.3	119.3	+0.10	10.20
Majority Stlg	1	100.73	100.73	101.74	+0.05	9.92
Majority Stlg Acc	1	109.69	109.69	110.79	+0.06	9.92
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International Feb 28	0	51.36	51.36	51.75	----	0.17

	Bid Price	Offer Price	+ or –	Yield Gross
Henderson Unit Trust Management Ltd				
Pensions Mngd	53.67	54.84	+0.13	3.79
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Follo	1186.0	1278.0xd	----	–
Mngd Pens (Acc)	68.1	72.6	----	–
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2580.0	..	7.00
Inc Gth Pep Jul 31	£1375.0	1460.0	..	8.90
Lazard Investors Ltd ##				
Exempt Funds				
Small Co's Mar 4	£3961.9	6131.5	----	3.84
European Mar 4	£589.6	596.3	----	1.47
American Mar 4	£380.0	383.6	----	2.22
Japan Mar 4	£450.9	456.5	----	1.45
Pacific Mar 4	£148.7	152.9	----	1.14
W Midlands Jan 31	£132.00	147.00		2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Feb 29	196.75	200.75	----	7.98
Equity Feb 29	898.25	911.00	----	3.76
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Mar 6		105.17	-0.1	10.46
(Accum Units)		624.83	-0.3	10.46
MAACIF Mar 3		40.50		9.54
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity† Mar 3	128.3	137.9	----	1.97
UK Small Co † Mar 3	522.1	571.9	----	3.50
Fixed Interest † Mar 3	111.7	117.5	----	8.53
US Small Co Mar 3	183.2	196.0	----	0.00
Managed Mar 3	109.3	117.1	----	3.39
Intl Bond Mar 3	121.9	128.6	----	9.97
Japan Mar 3	66.75	71.17	..	4.13

	Bid Price	Offer Price	+ or –	Yield Gross
Allied Dunbar Assurance Plc – Contd.				
Gen 4				
Fixed Int Dep Acc	27.5	[illegible]		
Equity Acc	27.2	[illegible]		
Property Acc	22.8	[illegible]		
Far East Acc	23.0	[illegible]		
European Acc	23.0	[illegible]		
Managed Acc	27.1	[illegible]		
Overseas Acc	27.8	[illegible]		
Gilt Acc	29.5	[illegible]		
Am Equity Acc	28.4	[illegible]		
Am Managed Acc	27.5	[illegible]		
Am Property Acc	21.8	[illegible]		
High Income Acc	24.0	[illegible]		
High Income Ser 2	24.0	[illegible]		
Pension Funds				
F.I. Dep. Cap	365.1	[illegible]		
F.I. Dep. Acc	688.3	[illegible]		
Prop Cap	490.1	[illegible]		
Prop Acc	1038.6	[illegible]		
Man. Cap	888.6	[illegible]		
Man. Acc	1852.8	[illegible]		
Gilt Edged Cap	372.4	[illegible]		
Gilt Edg. Acc	633.1	[illegible]		
Eq. Cap	1449.7	[illegible]		
Eq. Acc	2289.3	[illegible]		
Am Eq Cap	201.1	[illegible]		
Am. Eq Acc	267.2	[illegible]		
Far East Cap	207.1	[illegible]		
Far East Acc	275.3	[illegible]		
Euro Cap	31.5	[illegible]		
Euro Acc	37.7	[illegible]		
B.S. Cap	427.5	[illegible]		
B.S. Acc	783.1	[illegible]		
D.A.F. Cap	328.9	[illegible]		
D.A.F. Acc	536.8	[illegible]		
Mortgage Cap	197.7	[illegible]		
Mortgage Acc	262.8	[illegible]		

	Bid Price	Offer Price	+ or –	Yield Gross
Henderson Administration(z)				
3 Finsbury Ave, London EC2 M2PA 071-638 5757				
UK Equity	303.7	320.6	-0.2	–
Fixed Interest	67.10	70.90	-0.1	–
N. American	293.1	309.4	-3.8	–
Far East	371.2	391.8	-2.7	–
Global Managed	328.9	347.2	-1	–
Deposit	202.7	213.4	+0.3	–
Private Res.	134.3	141.4		–
European	192.9	203.6	+0.4	–
Pension Funds				
UK Equity	333.6	352.3	-0.5	–
Fixed Interest	231.2	244.0	-0.1	–

	Bid Price	Offer Price	+ or –	Yield Gross
Lifetime Assurance Co Ltd				
Bank Hse, St John's Rd, Harrow HA1 2EE 081-861 5999				
Managed Security	111.5	117.4	+0.2	–
Managed Growth	122.3	128.8	.	–
Managed Opportunity	110.8	116.7	+0.8	–
Property	113.4	119.4	+0.3	–
Fixed Interest	121.0	127.4	-1.2	–
Cash	113.8	119.8	+0.3	–
UK Equity	110.8	116.7	-0.6	–
Intl Equity	122.0	128.5	+0.5	–
Pension Funds				
Managed Security	112.8	118.8		–
Managed Growth	115.9	122.1		–

	Bid Price	Offer Price	+ or –	Yield Gross
NEL Britannia Assce Co Ltd				
Milton Court, Dorking, Surrey 0306 880077				
Capital Growth	131.1	138.0	-0.5	–
Managed Income	109.1	114.8	-0.3	–
Cap Grwth Ser B	114.1	120.1	-0.5	–
Mngd Income Ser B	111.4	117.3	-0.3	–
Broker Managed				
PAM Global Growth Fd	119.8	119.8	+0.1	–
PAM Growth Fund	105.0	110.5	+0.1	–
[illegible]				
Managed Bldg Soc.	126.1	132.7	+0.2	–
Deposit	147.5	155.3	+0.1	–

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED**)

ISLE OF MAN (SIB RECOGNISED)

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ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling seeks Budget boost

FOREIGN exchange rates moved in tight bands yesterday, with investors unwilling to commit themselves to either sterling or the dollar before today's UK Budget, and US economic data later in the week, *writes Neil Buckley*.

Weekend opinion polls in the UK continued to suggest that a hung parliament is a strong possibility after the general election expected on April 9, bringing a long period of political uncertainty. This has caused widespread hesitancy to move into sterling.

Yesterday it touched its floor against the top-placed peseta within the Exchange Rate Mechanism, but rumours of Bank of England intervention seemed to be unfounded. Against the D-Mark, it dropped as low as DM2.8640 at one point, from a start of DM2.8655/90, and closed at DM2.8671/76.

Mr David Cocker, treasury adviser at Chemical Bank, said: "The market itself is not looking for anything specific from the Budget. But it will be watching closely for the reaction of two sets of individuals – the business community, to determine whether this Budget could spur economic recovery, and the voters, to see if it can improve the Conservatives' electoral prospects."

Dealers have warned that a negative reaction to the Budget from these groups could place sterling under increasing pressure on the foreign exchanges.

Against the dollar, however, the pound had a better day, closing at $1.7230, after Friday's $1.7185. It ended mildly higher in New York at $1.7255.

The dollar generally took a rest from last week's exertions, and traded in a narrow range to close down at DM1.6630, against DM1.6695 previously, but up at Y131.95 from Y131.75. Later in New York it finished at DM1.6607 and Y131.92.

Most dealers feel the dollar will become more bullish again after Thursday's US retail sales figures and Friday's producer prices index. The belief that the Bank of Japan will soon cut its discount rate of 4.5 per cent is also weighing heavily against the yen, although the news that a candidate from the ruling Liberal Democratic Party had been defeated in a Japanese by-election on Sunday had little effect.

In Tokyo, the dollar had finished at Y131.73 and DM1.6633, against Y131.80/90 and DM1.6670/80 at the New York close on Friday.

Within the EMS, the Belgian franc was unchanged against the D-Mark even after Mr Philippe Maystadt, finance minister, said Belgium was considering letting its short-term interest rates fall below equivalent German rates. Mr Maystadt said informal talks were taking place between the governors of the Dutch, Belgian and German central banks.

The D-Mark was unchanged from its opening at around DM4.862/3 per 100 Belgian francs, but slightly up from Friday's DM4.865/7. It was slightly weaker against the lira and French franc, although it maintained its position in the EMS, at around 33 per cent above its central Ecu level.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 9	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.787	-3.62	6.12	62
Belgian Franc	42.4032	42.0531	-0.83	[illegible]	[illegible]
Dutch Guilder	2.31643	2.30068	-0.68	2.97	31
D-Mark	2.05586	2.04491	-0.53	2.82	[illegible]
Italian Lira	1538.24	1532.76	-0.36	2.63	16
Irish Punt	0.767417	0.765621	-0.23	2.51	9
French Franc	6.89509	6.94585	0.74	1.52	-43
Danish Krone	7.84195	7.92830	1.10	1.15	[illegible]
Sterling	0.696904	0.712713	2.27	0.00	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Mar.7	Close	Previous Close
£ Spot	1.7250-1.7260	1.7185-1.7195
1 month	0.97-0.95pm	0.92-0.90pm
3 months	2.57-2.54pm	2.57-2.54pm
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

*Floating rate. Iran Official rate £114.75 $67.20

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 6-5¾ per cent; three years 6⅞-6⅝ per cent; four years 7¼-7 per cent; five years 7½-7¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.9	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.723	2.865	227.3	9.735	2.598	3.223	2146	2.053	59.00	1.401
$	0.580	1	[illegible]	131.9	5.650	1.508	1.871	1247	1.192	34.24	0.813
DM	0.349	0.601	1	79.34	3.398	0.907	1.125	749.7	0.717	20.59	0.489
YEN	4.399	7.580	12.60	1000.	42.83	11.43	14.18	[illegible]	9.032	259.6	6.164
F Fr.	1.027	1.770	2.943	233.5	10.	2.669	[illegible]	2206	2.109	60.61	1.439
S Fr.	0.385	0.663	1.103	87.49	3.747	1	1.241	826.8	0.790	22.71	0.539
N FL	0.310	0.535	0.889	70.52	3.020	0.806	1	666.5	0.637	18.31	0.435
Lira	0.466	0.802	1.334	105.8	4.532	1.209	1.500	1000.	0.956	27.47	0.652
C $	0.487	0.839	1.396	110.7	4.742	1.265	1.570	1046	1	28.74	0.682
B Fr.	1.695	2.920	4.856	385.3	16.50	4.403	5.463	3641	[illegible]	100.	2.375
Ecu	0.714	1.230	2.045	162.2	6.949	1.854	[illegible]	1533	1.465	42.11	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS · LIFFE US TREASURY BOND FUTURES OPTIONS · LIFFE BUND FUTURES OPTIONS · LIFFE EUROMARK OPTIONS · LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS · LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE) · CHICAGO · PHILADELPHIA SE £/$ OPTIONS · PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
106	-	-	-	0.09	-	-
107	-	-	-	0.22	-	-
108	1.23	-	-	0.45	-	-
109	0.66	-	1.50	0.89	1.58	-
110	0.31	-	-	-	-	-
111	0.12	0.47	-	-	-	-
112	-	0.27	-	-	-	-
Open int.	92,136	11,815	350	68,417	5,413	480

Estimated volume 23,001 Total Open interest 168,533

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unitank plc	10.5
Beneficial Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Nerves slow trading

THE UK money market had a nervous and uneventful session, with all attention fixed on today's Budget, and the performance of sterling.

Rates eased slightly, but dealers said this reflected little more than the completion of the process of trimming their positions and squaring their books that most operators began last week.

Volumes were higher initially as routine rollovers were sorted out at the start of the week, but little remained after this except to cope with the day's funding.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

Although good sense might militate against it, and the Bank of England and treasury were yesterday reported to be opposed, the possibility of a base rate cut has not, however, been entirely ruled out.

"No government has won an election with base rates higher than 10 per cent since 1974," said one economist. "If opinion polls start going in favour of the Labour Party there may have to be just as much intervention to support sterling at 10½ per cent as there would have been at 10 per cent."

The three-month interbank rate eased to 10⁷⁄₁₆-10⁵⁄₁₆ per cent, from 10½-10⅜, and rates through to one year dropped around ¹⁄₁₆ per cent.

The March short sterling contract was three basis points firmer at 89.63, as was the June contract, at 89.82.

The daily shortage was estimated by the Bank of England at a comparatively small £250m. Outflows of liquidity via £810m of treasury bills and maturing assistance and £310m for repurchase by the market, along with £175m below-target bankers' balances from Friday, were partly covered by £405m of Exchequer transactions, and a £645m fall in note circulation.

The Bank did not operate on the early round, but at midday took out a large part of the shortage - revised up to £300m - by purchasing £250m of band 1 bank bills at 10⅜ per cent.

The forecast was further increased to £350m in the afternoon, and the Bank bought another £108m of bank bills to cover the shortage.

The overnight rate, which had stood at only 10½-10⅜ per cent before the forecast, eased to 9-8 per cent after midday.

German call money rates were unchanged from Friday's 9.60/65 per cent, although activity is expected to pick up later this week when tax payments begin draining funds from the system.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.7) 3 months US dollars: bid 4¼, offer 4⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

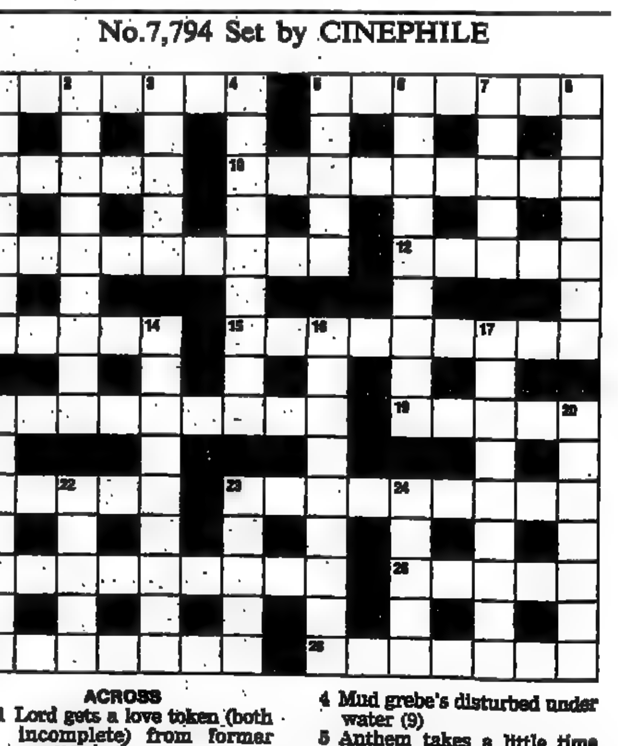
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,794 Set by CINEPHILE



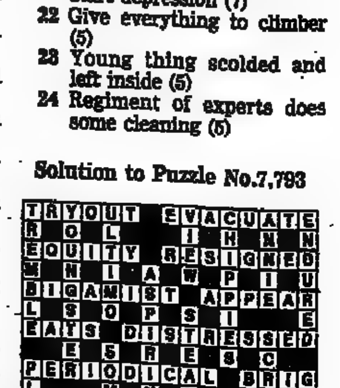
ACROSS

1 Lord gets a love token (both incomplete) from former candidate (7)
5 Willing to be told about the same point on Wednesday? (7)
9 Love and its token with its giver in flower (5)
10 No settler, making fat run away (9)
11 Man's, during fitting, opening spontaneously (9)
12 Muslim who sounds bright (5)
13 Roman wind turns French street American (5)
15 Gold coin with mass of metal for experiment (6,3)
18 Dregs thrown around islands (both singular) in acute dilemma (5-4)
19 Feudal situations in Walloons? (5)
21 Crash didn't make loud noise? (5)
23 Approve directors for a house (9)
25 French partisan routed Tiroleans (9)
26 Thrown maybe far from heavy breather? (5)
27 Brought maybe from far, fine-drawn? (7)
28 Number One at back of tank (7)

DOWN

1 Entrance for the cast, perhaps, needing every effort (2,2,3)
2 Frequency with which potassium replaces tritium in Ritz Hotel, possibly (9)
3 Novel character seems sound asleep (5)
4 Mud grebe's disturbed under water (9)
5 Anthem takes a little time – under a tiny bit (5)
6 Be smart when you bless the water in traditional ceremony (5,4)
7 The end, double-tongued, of fairy (5)
8 Locker holder for monarch consuming a lot of bird's nest (3,4)
14 Colour print of clothing kept by angel (9)
16 Stiff, maybe in ice, finally enclosed (9)
17 Too early to be clean without upsetting Mater (9)
18 Censure over theatre? (7)
20 Monocot, last gone off, could start depression (7)
22 Give everything to climber (5)
23 Young thing scolded and left inside (5)
24 Regiment of experts does some cleaning (5)

Solution to Puzzle No.7,793



APPOINTMENTS

WORLD STOCK MARKETS

AUSTRIA

March 9	Sch	+ or −
Austrian Airlines	2,690	−30
Creditanstalt Pf	528	−17
EA General	3,755	−85
EVN	853	−13
Jungbunzlauer	11,200	−500
OeMV	1,007	−27
Perlmooser Zement	1,551	+1
Radex Heraklith	592	−18
Reininghaus Brue	1,700	−70
Steyr Daimler	241	−3
Veitscher Magnesit	392	−11
Verbund (Br) A	538	−9
Wienerberger	4,940	−140
Z-Laenderbank	1,070	−6

BELGIUM/LUXEMBOURG

March 9	Frs.	+ or −
ACEC-Union Min	2,450	+25
AG Group	2,185	+30
Arbed	4,115	....
BBL	3,400	....
Bank Intl a Lux	11,975	+25
Banq Gen Lux Pts	11,750	+75
Barco	1,292	+22
Bekaert	11,650	+50
CBR Ciment	8,400	+10
Cobepa	4,950	+10
Cobepa AFV 1	4,780	−70
Cockerill Priv	164	−2
Colruyt	4,800	+10
Delhaize Frs Lion	9,010	−140
Electrabel	4,900	−40
Electrabel AFV	4,850	−25
Electrafina ACT	2,590	−25
GBL	3,355	−115
GBL AFV 1	3,350	−100
GIB Group	1,364	+4
GIB Group AFV	1,280	−10
Gechem	385	+6
Gechem AFV	376	....
Generale Banque	6,360	−90
Gen Banque AFV1	6,370	−80
Gevaert	7,080	−60

FRANCE (continued)

March 9	Frs.	+ or −
Bongrain	2,905	+65
Bouygues	605	+6
CGIP	1,226	−17
C M B Packaging	200.50	+6
Canal+	1,078	−10
Cap Gemini S	325.50	+2.50
Carrefour	2,575	−15
Casino	172	+5.20
Cetelem	811	+3
Chargeurs	1,164	+25
Club Mediterranee	533	−6
Cogifi	365	−4.50
Coparex	655	....
C C F	199	+3
Cr Fonc France	1,009	−1
Cred Lyon (CI)	570	+7
Credit Nationale	1,100	+39
Damart	2,614	+3
Docks de France	432	−3
Dollfus Mieg Cie	320	+1
EBF	809	−5
Eaux Cie Genl	2,312	+13
Ecco	420	+14
Elf-Aquitaine	369.90	+4.80
Elf-Aquitaine Certs	250.10	−0.90
Essilor Int	405	+6.50
Elex	1,810	−10
Eurafrance	1,558	+75
Eurocom	616	+4
Euro Disney	161.50	+1.50
Exor	1,325	+70
Finextel	122.90	+2.40
Fonc Lyonnaise	631	−12
From C et Anv	2,998	+148
GTM-Entrepose	402	+7
Gal. Lafayette	1,500	+15
Gaumont (Soc N)	665	+10
Geophysique	670	−10
Hachette	189.30	+2.80
Havas	500	+4.90
Imetal	322	−4.50
Imm de France	898	+38
Immobanque	675	−9

INDICES

	Mar 6	Feb 28	Feb 21	year ago (approx.)
Dow Industrial Div. Yield	2.84	2.79	2.78	3.40

	Mar 4	Feb 26	Feb 19	year ago (approx.)
S & P Industrial div. yield	2.61	2.57	2.60	2.19
S & P Indl. P/E ratio	28.61	29.03	25.03	17.77

	Mar 9	Mar 6	Mar 5	Mar 4	1992 High	1992 Low	Since compilation High	Since compilation Low
NYSE Composite	224.15	223.79	224.92	226.66	231.85 (15/1)	223.79 (6/3)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	407.21	407.95	410.24	413.39	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	615.82	615.95	621.97	630.29	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Mar 9	Mar 6	Mar 5	Mar 4	1992 High	1992 Low
IRELAND						
ISEQ Overall (4/1/88)	1418.34	1419.21	1425.75	1430.91	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	512.76	514.87	520.44	525.70	551.59 (6/2)	507.43 (2/1)
MIB General (2/1/87)	1009.0	1013.0	1026.0	1036.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	20797.68	20992.99	20864.42	21105.42	23801.18 (6/1)	20618.30 (19/2)
Tokyo SE (Topix) (4/1/68)	1502.43	1520.45	1523.73	1537.22	1763.43 (6/1)	1502.43 (9/3)
2nd Section (4/1/68)	2262.98	2278.17	2286.23	2305.14	2459.85 (6/1)	2262.98 (9/3)
MALAYSIA						
KLSE Composite (4/4/86)	594.01	590.94	593.93	598.64	619.06 (20/2)	546.63 (24/1)
NETHERLANDS						
CBS Tol.Rtn.Gen (End 1983)	294.3	293.7	294.6	295.1	295.10 (4/3)	274.00 (8/1)
CBS All Shr (End 1983)	206.6	206.3	206.9	207.2	207.20 (4/3)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	692.93	696.25	698.46	700.62	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1106.38	1118.81	1157.61	1159.98	1303.30 (17/1)	1106.38 (9/3)
SINGAPORE						
SES All-Singapore (2/4/75)	384.78	388.79	391.64	392.29	416.99 (21/1)	384.78 (9/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	1190.06	1197.0	1197.0	1193.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4369.06	4358.0	4347.0	4334.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	628.02	626.09	619.23	630.47	691.48 (8/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	262.34	261.97	262.98	265.00	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	989.30	983.2	980.6	974.0	989.30 (9/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	808.5	814.7	817.5	817.50 (4/3)	748.50 (8/1)
SBC General (1/4/87)	(u)	643.0	647.9	650.1	650.10 (4/3)	611.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4923.03	4988.08	5033.53	5066.40	5391.63 (30/1)	4692.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	797.62	807.65	800.85	793.16	816.50 (17/2)	711.81 (3/1)
WORLD						
M.S. Capital Intl (1/1/70) ($)	499.2*	500.4	502.0	507.6	542.10 (7/1)	499.20 (9/3)
Euro Top-100 (26/6/90)	935.76	932.79	937.56	942.27	943.20 (3/3)	870.31 (2/1)

**Saturday March 7: Taiwan Weighted Price 4986.53. Korea Comp Ex 624.49.
a Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
RJR Nabisco	2,627,600	9⅝	- ⅛
Glaxo	2,539,500	27½	+ ⅛
Chrysler	2,081,000	16⅛	----
Amer Express	1,913,500	22	+ ⅛
IBM	1,576,700	87⅞	+ 1
Am T & T	1,529,000	37⅞	+ ⅛
Citicorp	1,430,100	16½	+ ⅛
Telefonos	1,408,700	55⅝	+ 1
Boeing	1,408,100	44⅝	- 1⅛
Pfizer Pri	1,181,500	8⅝	----

TRADING ACTIVITY

† Volume (Millions)	Mar 9	Mar 6	Mar 5
New York SE	160.620	185.040	205.730
Amex	12.347	12.620	13.896
NASDAQ	(u)	193.071	221.917
NYSE			
Issues Traded	2,216	2,219	2,214
Rises	874	610	472
Falls	839	1,087	1,267
Unchanged	503	522	475
New Highs	32	31	42
New Lows	25	31	32

CANADA TORONTO

	Mar 9	Mar 6	Mar 5	Mar 4	1992 HIGH	1992 LOW
Metals & Minerals	3064.20	3070.09	3093.68	3109.33	3238.87 (16/1)	2935.22 (2/1)
Composite	3518.57	3530.84	3545.55	3587.64	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1842.59	1846.08	1855.97	1885.25	1937.59 (16/1)	1842.59 (9/3)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday March 9 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Okumura	9.4m	1,240	+40	Clarion	2.8m	1,340	+10
Taisei Corp	6.5m	778	-13	Hitachi	2.7m	775	-2
Chiba Bank	5.1m	800	-10	Yasuda Trust	2.4m	1,170	-30
Fujisawa Pharm	4.5m	1,380	-70	Toshiba	2.3m	565	-11
Nippon Steel	3.1m	321	-10	Toho Gas	2.0m	410	-1

4:00 pm prices March 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15 7/8	12 3/4	AAR Corp	0.48	3.2	18	187	16 1/8	14 7/8	15	-1/4
26	20 5/8	A L Labs A	0.16	0.7	24	223	22 1/2	21 1/2	22	-3/8
66 3/4	58 1/8	AMP Inc	1.52	2.5	24	1067	61 1/4	60 1/4	60 3/4	-5/8
80 1/4	68 3/8	AMR			26	2115	75 5/8	74 7/8	75 3/4	-1/8
2 1/8	1 3/8	ARX			22	100	2	2	2	
53 1/2	45 7/8	ASA	2.75	6.0	13	212	45 7/8	d45 1/2	45 1/2	-3/8
68 3/4	59 3/4	Abbott Lab	0.60	1.0	23	6088	60 3/4	d59 3/4	60 1/4	+1/2
13 1/2	12 1/8	Abitibi Pr	0.43	3.3	27	82	13	13	13	
11 5/8	10 1/2	ACM Gvt In x	0.96	9.0		575	10 5/8	d10 1/2	10 5/8	+1/8
10 3/8	9 1/8	ACM GvOpp x	0.80	8.5		141	9 3/8	9 1/4	9 3/8	
9 1/2	8 5/8	ACM Gvt Sp x	0.80	9.0		373	8 7/8	8 3/4	8 7/8	+1/8
11 1/4	10 3/8	ACM Gvt Se x	0.96	9.1		368	10 1/2	10 3/8	10 1/2	
9 3/8	8 5/8	ACM Man x	0.95	10.7		658	9 1/8	8 7/8	8 7/8	-3/8
12 7/8	10 7/8	ACM Managd x	1.08	9.8		160	11 3/8	11 1/4	11 1/4	-1/8
10 1/8	7	Acme Cleve	0.40	4.2	18	164	9 3/4	9 5/8	9 5/8	
5 3/8	4 1/2	Acme Elect			4	58	u5 1/2	5 1/4	5 1/2	+1/8
33 1/4	20 3/8	Acuson			12	1339	20 3/4	d19 7/8	19 7/8	-1/2
19 3/4	16 1/2	Adams Expr	0.48	2.5	0	133	19	18 7/8	18 7/8	-1/8
15 1/2	13	Adobe12Pf	2.40	16.6		120	14 5/8	14 1/4	14 1/4	-1/8
6 3/8	4 1/2	Adobe Res			2	117	5 1/8	5	5	
48 1/2	40 1/2	Ad Micro	3.00	6.8		670	43 5/8	41 3/4	43 3/8	+1 5/8
21 1/2	16 1/2	Ad Micro P	3.00	16.7	11	8010	18	17 1/4	18	+3/4
9 1/8	5	Advest Grp	0.16	2.1	32	266	8	7 5/8	7 5/8	-1/8
71 3/4	67 1/8	Aegon ADR			6	24	67 1/2	d67 1/8	67 1/8	
47	39	Aetna Li	2.76	6.4	9	1087	43 1/2	43 1/8	43 1/4	-1/8
12	8 3/4	Affil A	0.24	2.3	74	687	10 1/2	10 3/8	10 1/2	
32 3/4	29 1/4	Aflac	0.40	1.4	15	1673	28 7/8	d28	28 1/4	-1/4
19 3/8	16 5/8	Ahmanson	0.88	5.1	8	1591	17 3/8	17 3/8	17 3/8	
22 1/2	15	Aileen Inc			14	87	17 3/8	17 1/8	17 3/8	+1/8
87 1/4	72 3/4	Air Pr Chm	0.60	0.9	19	601	85 3/4	85 1/4	85 1/4	+1/8
28 3/8	23 1/8	Airbne Frt	0.30	1.1	19	260	27 3/4	27 1/4	27 3/8	-1/4
28	22 5/8	Airgas Inc			28	21	23 3/8	23 1/8	23 1/8	
12 3/8	8 1/8	Airlease	1.64	13.5	7	43	12 1/8	12	12 1/8	+1/8
104	98 1/2	AlaPwL16 x	0.16	8.1		3	101 1/2	101	101	

[illegible]

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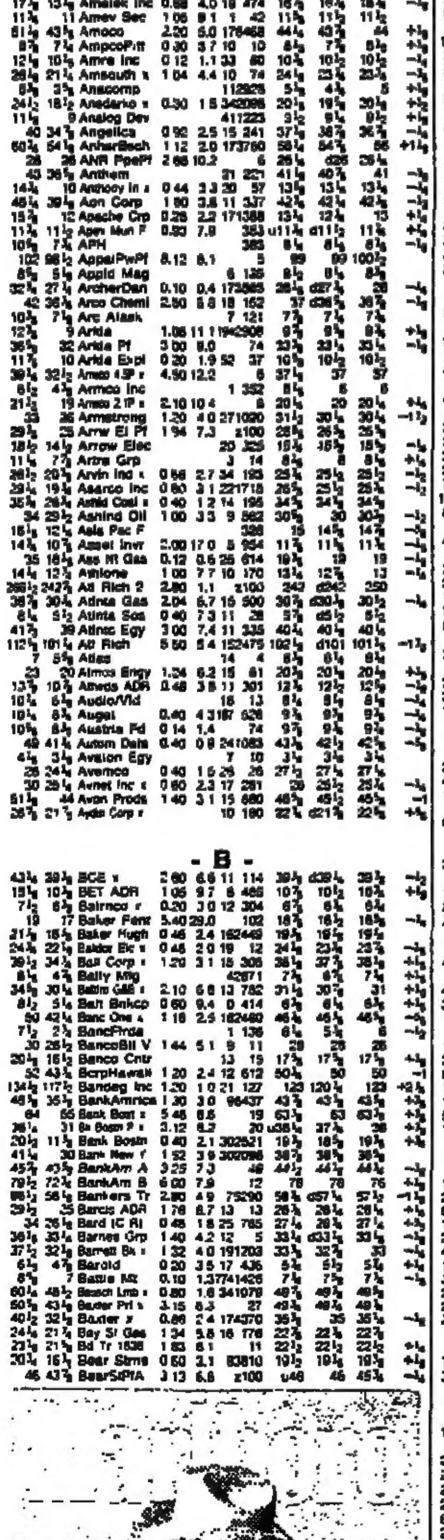

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NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
40⅞	33½	Russell Cp	0.32	0.3	28	95	37½	36⅞	36⅞	-½
25⅞	19⅝	Ryder Syst x	0.60	2.5	28	926	23⅞	23¼	23⅝	+¼
28	22¼	Ryland Grp	0.60	2.2	50	601	26⅞	26½	26¾	+¼

- S -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	17½	S Anita Rt x	1.72	9.2	18	84	18¾	18½	18¾	
18⅞	15¾	SCOR US Co	0.24	1.4	10	35	17¾	17⅝	17¾	-⅛
29½	24¾	SPS Techno x	1.28	4.7	21	147	27¾	26⅞	27	-⅛
1	½	Saatchi&S	0.19	20.3		16707	½	⅞	⅞	
13	12½	Sabine Rlt	1.43	11.0	7	39	u13	12⅞	13	+½
11⅞	9½	Safecard	0.15	1.5	9	300	10	9¾	10	+⅛
16	14⅛	Safeg'd Sc			6	18	14½	14⅛	14⅛	-⅛
28¾	24¾	SafetyKln x	0.34	1.4	28	782	25⅜	d24⅝	24⅝	-⅛
20¼	16⅜	Safeway			37	1674	17¾	16½	17¼	+½
4⅝	3⅝	SafewayWBB				149	3⅞	d3⅝	3⅞	+⅛
40¼	29⅞	StJoePaper	0.20	0.5	44	73	40⅛	39⅝	39⅝	+⅛
34¾	32⅛	StJoseL&P	1.72	5.3	13	59	32¼	d32⅛	32¼	-⅛
75¾	69½	St Paul's	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
46⅞	41	TRW Inc	1.80	4.1	19	797	44⅛	43¾	43⅞	-⅛
1½	⅞	TacomaBoat			0	49	⅞	0.21	0.21	
30⅞	24½	Taiwan Fd				52	28⅜	28	28⅛	-⅛
4¼	3⅜	Talleylnd	0.20	5.7	0	180	3⅝	3½	3½	-⅛
7½	6¼	Talley Pf	1.00	15.1		5	6⅝	6½	6⅝	-⅛
70½	61⅞	Tambrands x	1.36	2.1	25	1488	64⅞	64	64⅞	+⅞
15⅝	11	Tandem				991915	12⅞	12⅝	12⅞	+⅛
31¼	24	Tandy Corp	0.60	2.0	13	2952	30¾	30⅛	30¼	
13	11⅞	Taurus Mun	0.93	7.3		49	12⅞	12⅝	12⅞	
41½	35	Teco Energ	1.72	4.6	14	241	37⅝	37¼	37⅝	+⅛
22⅞	16½	Tektronix	0.60	3.5	11	1029	17¼	17	17	
1½	⅞	Telecom Co			3	27	1⅛	1⅛	1⅛	
25½	19⅝	Teledyne	0.80	3.0	57	318	28⅜	28	28⅛	-⅛
38⅞	31½	TeleEspSA	1.44	4.2		63913	34⅜	33¾	34⅜	+⅛
58⅞	45⅞	Telmex ADR				12118	55⅞	54⅞	55⅞	+⅞
57½	50	Templeinl x	0.88	1.8	20	812	53¼	52⅞	52⅞	
24	21	TempltEmMk	3.90	17.9		158	22	21¾	21¾	
9¾	8¾	TempltGlob x	0.64	8.7		317	9⅜	[illegible]	[illegible]	[illegible]

- X - Y - Z -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82¼	68½	Xerox x	3.00	3.9	15	1862	78⅜	78	78⅛	-⅛
53½	50½	Xerox4 125 x				9	52½	52¼	52½	
27½	24⅞	Xtra 1.94	1.94	7.3		20	26½	26½	26½	
34¼	28⅛	Xtra Corp	0.80	2.4	14	120	33¾	33½	33½	-⅛
27	25¼	Yankee Egy	1.60	6.0	13	20	26¾	26⅝	26⅝	+⅛
1½	½	Zapata			31	260	1⅞	1¼	1¼	-⅛
11⅛	7¼	ZenithElec			5	275	9½	9¼	9⅜	+⅛
17¾	14½	Zenith Nat	1.00	6.0	7	83	16⅞	16¾	16¾	-⅛
6¾	6	Zenix Inc	0.84	12.9		189	6⅝	6½	6½	
13¾	11⅛	Zero Corp	0.40	3.1	19	99	13⅛	13	13	
38	34¼	Zurn Ind x	0.88	2.5	15	114	35¼	35	35¼	+⅛
14⅞	12⅝	Zweig Fund	1.16	8.8		154	13⅛	12⅞	13⅛	
11	8⅞	Zweig Tot r x	0.99	9.4		537	10½	10⅛	10⅛	-⅛

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices March 9

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Oil Gas	0.14	7	113	6⅞	6¾	6¾	
Pall Corp	0.38	29	2434	27½	d26⅞	27½	+⅛
Pegasus G	0.10	86	91	13⅛	13⅛	13⅛	
Perini		50	13	13⅞	13⅝	13⅝	-⅛
Pet HEP	0.31	8	7	11⅛	11⅛	11⅛	
Phil LD x	0.25	14	249	33⅞	33⅝	33⅝	-⅛
Pitney A1	1.10	13	31	30⅞	30½	30½	-⅛

NASDAQ NATIONAL MARKET

4:00 pm prices March 9

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Xilinx		29	965	28⅛	27½	27½	+¼
Xoma Corp		13	5090	24	23	23½	+1¼
Yellow Fr	0.94	31	2335	30⅝	30⅛	30⅛	-⅛
York Rsch		44	1166	5⅜	d5⅛	5⅜	-⅛
ZionsUtah	1.44	9	172	47⅞	47¼	47⅞	+⅛

AMERICA

Banks recoup losses as Dow marks time

Wall Street

THE WEEK started on a subdued note, with equities marking time in a narrow range as investors remained wary in the absence of any fresh evidence about the state of the US economy, *writes Karen Zagor in New York.*

The Dow Jones Industrial Average ended just 6.48 off at 3,215.12 after a thin New York SE volume of 160.6m shares. The Standard & Poor's 500 edged up 0.76 to 405.20. On Friday the Dow fell about 20 points.

The treasury market was equally lacklustre. Although the Treasury's benchmark 30-year bond firmed 11/32 to 101 1/32, yielding 7.87 per cent in the afternoon, trading was very quiet throughout the day. Trading in US stock and bond markets is expected to remain moribund until the publication of economic data at the end of the week.

Bank stocks regained some of the ground lost last week, when the sector took a beating on concern over the finances of Olympia & York. The property developer, owned by Canada's Reichmann family, redeemed part of a commercial paper programme after a downgrading. Citicorp, one of the most actively traded issues, added $⅝ at $16¼.

On the big board, most actively traded stocks included Chrysler, unchanged at $16¾, American Express, up $¼ to $22, and AT&T, $⅛ higher at $37⅞. IBM rose $1 to $87⅞.

Among other blue chip issues, Merck advanced $1⅞ to $151⅞, Mobil eased $¼ to $59¼ and Sears lost $⅝ to $45¼.

Coca-Cola firmed $1¼ to $80⅝. The company, which is returning to India 14 years after it closed its Indian operations, yesterday said its share of the international market rose to 49 per cent in 1991 from 46 per cent a year earlier.

KeyCorp, a commercial banking group based in the north-east and north-western US, weakened $1⅝ to $44¾ on news that it had agreed to buy Puget Sound Bankcorp for stock. Shares in the Washington State-based Puget Sound softened $⅛ to $36⅛. The deal values Puget Sound at $807.2m. Non-recurring restructuring charges related to the merger are estimated at $70m.

In the secondary market, the Nasdaq composite eased 0.13 to 615.82. Trading was led by Lotus Development, the computer software company, which climbed $⅞ to $33¾ after Cowen & Co upgraded its near-term investment rating on the stock to "buy" from "underperform".

Similarly, an upgrading on Celtrix Pharmaceutical from *Kemper Securities sparked* interest in the issue, which jumped $1 to $11.

In the secondary market, technology issues dominated trading.

Borland International finished $1⅞ lower at $68⅛ after Shearson Lehman cut its fourth-quarter earnings estimate for the computer software group to 20 cents a share from 30 cents.

Canada

TORONTO displayed an easier bias in quiet dealings. The composite index ended 12.3 down at 3,518.6, while falls exceeded advances by 319 to 276. Volume slipped to 20.9m shares from Friday's 27.1m.

Ford Motor, up C$1 at C$150, said it is close to a possible US$1bn deal to make cars at its Oakville, Ontario, plant for use as taxis in Argentina.

Standard & Poor's downgraded US$4.6bn in Toronto-Dominion Bank long-term debt, citing "continued worsening of the bank's asset quality." The stock ended C$⅛ down at C$16⅞.

Finland and Italy lead the global decline

By Antonia Sharpe

Global equities eased last week in spite of Wall Street reaching a record high on Tuesday. Both the US and Japan suffered falls of around 2 per cent, leaving the FT-Actuaries World index 1.7 per cent lower on the week in local currency terms.

The prospects for the world's leading markets continue to diverge. Friday's bigger than expected rise in February non-farm payrolls on Friday has added weight to the US recovery story. Furthermore, the US stock markets are likely to remain buoyant as low interest rates encourage individuals to switch their funds out of bank deposits into equities.

By contrast, there are few redeeming features in the Tokyo stock market. Investor hopes for a cut in the official discount rate are regularly disappointed, and sentiment has been dented by the steady decline in the yen against the dollar in spite of repeated intervention in the foreign exchange markets by the Bank of Japan. In its weekly report, Nomura International says that under these conditions it is difficult to foresee the market being able to sustain a rally. Indeed, the consensus opinion is that the market will drift lower in thin volume.

Scandinavia supplied the best and the worst performers of the week. Norway and Sweden vied for the best performing slot of the week as attention switched to the laggards. Sweden had risen by only 5.8 per cent by the end of February and Norway was 0.9 per cent below end-1991 values.

Finland dropped 5.8 per cent in local currency terms, but Ms Taina Uljas of Kleinwort Benson said this was to be expected after the sharp rise in January and February. In the first two months of this year, the Finnish market climbed by 19.2 per cent on the FT-A world indices, well ahead of the 6.8 per cent rise for the whole of Europe.

Ms Uljas says the recent buying spree in Finland has been overdone, considering that an upturn in the economy will not emerge until the end of the year. Investors have also been worried by news that the government has set up a new fund to support the banking sector in case of a crisis. Reports that banks will not be allowed to increase their lending, which would hamper an economic recovery, also weighed on the market.

Ms Uljas expects the market to remain weak until the second quarter, when favourable economic data are expected to attract the buyers back, especially into forestry stocks.

Italy, rapidly becoming the sick man of Europe, followed Finland with a 4.2 per cent fall. The market was dealt a serious blow by President Francesco Cossiga's decision to scupper an important car insurance reform, which would have made the sector more profitable for insurers. Also, volume has virtually dried up ahead of the general election in April.

Pastorino and Partners, a leading Milanese brokerage, says last week's performance offers investors little comfort for the market's medium-term prospects. However, it adds that the current climate of uncertainty and the oversold nature of the market make straddle options attractive.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992
Austria	-2.14	+2.60	-12.65	+15.63	+14.29	+4.98
Belgium	+0.61	+2.63	-0.10	+6.08	+5.06	-3.50
Denmark	-1.53	-5.74	-2.54	-2.38	-3.27	-11.16
Finland	-5.85	-5.43	-16.59	+12.28	+10.90	+1.88
France	-0.48	+5.36	+8.47	+11.16	+10.62	+1.61
Germany	+0.22	+3.51	+5.44	+11.41	+10.21	+1.23
Ireland	-0.28	-1.21	-0.64	+3.82	+3.34	-5.09
Italy	-4.17	-6.00	-9.80	+3.14	+3.10	-5.31
Netherlands	+0.20	+2.08	+10.84	+7.50	+6.51	-2.18
Norway	+3.56	-2.36	-18.77	+2.66	+1.56	-6.72
Spain	-1.71	+2.53	+0.14	+7.10	+6.98	-1.75
Sweden	+3.48	+3.23	-5.12	+9.51	+8.67	0.00
Switzerland	-1.04	+1.97	+11.18	+8.78	+5.75	-2.88
UK	-1.02	+0.76	+2.19	+2.17	+2.17	-6.16
EUROPE	-0.79	+1.57	+3.14	+5.91	+5.34	-3.24
Australia	-0.70	+1.03	+12.66	-3.75	+4.15	-4.34
Hong Kong	-0.48	+3.96	+36.67	+15.02	+25.65	+15.41
Japan	-2.25	-6.63	-21.90	-11.90	-9.04	-16.45
Malaysia	-2.73	-0.16	-6.75	+6.75	+22.08	+12.13
New Zealand	-2.15	-0.86	+3.60	-4.57	+5.37	-3.21
Singapore	-2.52	-7.09	-4.42	-4.32	+1.82	-6.46
Canada	-1.17	-1.71	-2.89	+0.61	+6.59	-2.10
USA	-2.01	-1.63	+6.44	-2.78	+5.65	-2.78
Mexico	-0.17	+11.80	+183.43	+25.91	+36.21	+25.10
South Africa	-1.79	-3.93	+23.66	+2.59	-5.89	-13.58
WORLD INDEX	-1.70	-2.17	-2.73	-3.63	+1.43	-6.84

† Based on March 6th 1992. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities

By-election defeat brings Nikkei closer to 20,000

Tokyo

THE RULING Liberal Democratic Party's (LDP) defeat in an upper-house by-election in northern Japan led to political uncertainty yesterday, and share prices declined on selling by corporations and investment trusts, *writes Emiko Terazono in Tokyo.*

The Nikkei index closed 195.31 lower at 20,797.68 after opening at the day's high of 20,989.78 and reaching a low of 20,696.06.

Volume shrank to 180m shares from Friday's 250m. Declines outnumbered advances by 772 to 191, with 145 issues unchanged. The Topix index fell 18.02 to 1,502.43, the lowest level since November 1986, and in London the ISE/Nikkei 50 index dipped 3.63 to 1,141.94.

Investor confidence deteriorated following the loss of the LDP candidate in the House of Councillors' by-election in the Miyagi prefecture over the weekend. The result led to pessimism about additional by-elections scheduled for this month and for April, and about the upper house elections to be held in July.

Last Friday's decline on Wall Street and a weaker yen were other factors discouraging market participants. Institutions also refrained from trading ahead of this Friday's March future contract settlement.

Traders said investors were unsettled by the possibility of the Nikkei falling below the critical 20,000 level. "Investors are more cautious as the index approaches 20,000, since it is an important technical point," commented Mr Chris Newton at James Capel.

A total of 182 issues hit their lows since the beginning of 1991, including Nippon Steel, off Y10 at Y321. Corporate investors, which had been leading buyers of large-capital blue chips, continued to liquidate holdings ahead of the March year-end book closing. Foreign investors, reducing exposure to high-technology issues on earnings concern, were seen selling Matsushita Electric Industrial, which fell Y40 to Y1,270.

Bio-technology related stocks, active last week on trading by short-term investors, lost ground on profit-taking. *Okamoto Industries*, the leading prophylactic maker, which had been in favour because of its link with the Aids prevention theme, retreated Y40 to Y1,240, and Mochida Pharmaceutical shed Y70 to Y3,930.

Fujisawa Pharmaceutical ended Y70 up at Y1,360 after a day's high of Y1,440, rising on rumours that the company's immuno-supressant drug was effective in combating the HIV virus.

In Osaka, the OSE average weakened 311.19 to 22,319.18 in volume of 84.2m shares. The index fell on small-lot selling, while activity centred on cross-trading by investors looking to lock in profits ahead of the year-end book closing.

Roundup

RELIEVING the gloom in the region yesterday were Bombay and, to a lesser extent, Seoul.

BOMBAY resumed trading after a five-day break, and the BSE index set yet another record high as it jumped 74.83 or 2.2 per cent to 3,547.61.

The market had closed to enable brokers to complete pending settlements amid rumours of payment defaults, following a three-day gain of 22 per cent after the budget on February 29.

Brokers said volume was low, but that buying pressure focused on shares whose weighting in the index is relatively high.

SEOUL saw gains in large manufacturing stocks as the composite index put on 3.53 to 628.02 in turnover of Won264.8bn. The rally was led by Hyundai subsidiaries, many of which soared to their daily limit highs, as the political initiative by Chung Ju-yung, Hyundai's founder, seemed to be gaining public acceptance.

HONG KONG fell again in thin trading, dragged down by persistent rumours that HSBC Holdings, parent company of Hongkong Bank, will announce a rights issue with its results today.

The Hang Seng index closed 60.27 or 1.2 per cent lower at 4,848.63 following Friday's 55-point decline, and turnover contracted from HK$2.29bn to HK$1.83bn. HSBC topped the active list and finished HK$1.25 down at HK$41.25.

SINGAPORE saw negative sentiment spill over from last week as the Straits Times Industrial index fell 16.10 to 1,429.65 in turnover up from S$77.4m to S$86.0m.

Profit-taking, mixed corporate results and concern over Singapore's economic growth prospects were all said to have affected sentiment.

NEW ZEALAND was depressed by Carter Holt plans to raise about NZ$400m through a rights issue, in addition to spinning off its seafood unit to strengthen its financial position.

Carter Holt dropped 18 cents to NZ$2.22 and the NZSE-40 index fell 14.59 to 1,445.89.

AUSTRALIA suffered its fifth consecutive fall, the All Ordinaries index closing 6.5 lower at 1,598.2. A holiday in Melbourne diminished interest, and turnover thinned from A$181m to A$117m.

TAIWAN reported dumping of bank shares as the weighted index sank 63.50 to 4,923.03, after a decline of only 1.55 on Saturday. Investors were afraid that banks would be depressed by hectic sales in upcoming sessions as investors raised cash for the government's public offering of 160m shares in the International Commercial Bank of China.

BANGKOK was led down by real estate issues and blue chips as the SET index fell 10.03 to 797.62. Turnover was Bt3.98bn, its lowest in a month.

EUROPE

Senior bourses gain ground after dull start

SENIOR bourses overcame a dull start, while smaller markets were mixed, *writes Our Markets Staff.*

FRANKFURT recovered from an early setback, achieving its turnround on gains in a few blue chips, including Volkswagen, Daimler and Siemens. The DAX index closed 4.30 higher at 1,750.25 after an intraday low of 1,739.36 and a fall of 1.18 to 710.55 in the FAZ at midsession. Volume eased from DM5.6bn to DM5bn.

Carmakers have performed well since mid-February, on good industry figures and the rising dollar. Daimler rose another DM5.50 yesterday to DM770.50, and VW by DM2.60 *to DM375.50.*

Some analysts said Siemens was looking strong technically. The shares rose DM6.10 to DM696.10 yesterday but the real breakthrough was on February 21 when it cleared DM675, breaking out of a medium-term chart downtrend.

Siemens was also in demand ahead of its dividend which is due to be paid this week. However, investors waiting for the big three chemicals may have to be patient: BASF's directors are due to decide whether to keep or cut the DM13 dividend today, but the official announcement is not expected before March 19.

PARIS was surprisingly firm, as special situations dominated in the absence of one strong theme. The CAC-40 index rose 9.37 to 1,976.28 in moderate turnover of just over FFr2bn.

Euro Disney added FFr1.50 to FFr161.50, just below its all-time high of FFr162, as the company's publicity machine went into top speed ahead of the theme park's opening in April. The stock is being bought by index-linked funds ahead of its inclusion in the CAC-40 index on March 19.

Elf recovered from last week's weakness, adding FFr4.80 to FFr369.90. After the close, the government priced its sale of 2.3 per cent in Elf at FFr360 a share, in line with expectations.

Friday's court ruling that Exor's voting rights in Perrier must be frozen for two years lifted the stock in the mineral water company by FFr37 to FFr1,605. Dealers said that the court's decision gave Nestlé a better chance in the takeover *battle for Perrier.*

LVMH, the luxury goods and drinks company linked with the brewer, Guinness, rose FFr60 to FFr4,745 in decent volume of 16,760 shares. There was speculation that the Salomon chairman Mr Warren Buffett, rumoured to be building a stake in Guinness, might also be attracted to LVMH.

MILAN saw selling of Sip and weakness in Generali also weighed on the market. The Comit index fell 2.11 to 512.76 in turnover estimated at L85bn after Friday's L93bn.

Sip fell L23.50 or 1.7 per cent to L1,331.50 with a heavy 3m shares traded as the market recognised that Sip would have *to face more competition* following last week's ruling against it by Italy's anti-trust authorities.

Industrials resisted the downtrend, with Pirelli gaining L36 or 3.3 per cent to L1,115 and Montedison putting on L20 to L1,393. Benetton added L121 to L12,621.

Consob yesterday re-admitted Bonifiche Siele, Banca Nazionale dell'Agricoltura (BNA), and Interbanca after a controversy over ownership was cleared up. BNA fell to L5,380 from L5,600 on February 25.

AMSTERDAM eased ahead of this week's batch of 1991 results. The CBS Tendency Index fell 0.1 to 127.9 in light turnover of Fl 414.2m.

DSM added Fl 4.40 after announcing better-than-expected 1991 net profits. But the stock ended just 20 cents up at Fl 112.50 in the day's heaviest trading as investors took heed of the company's cautious comments.

The brewer Grolsch, expected to release its 1991 results tomorrow, gained Fl 2.50 to Fl 198.50 after Heineken's pleasing results last week.

STOCKHOLM focused on SCA which sold its power subsidiary, Bakab, for SKr11.45bn. SCA's B closed SKr7 higher at SKr114; B shares in its fellow forestry group, Modo, jumped SKr15 to SKr240 on rumours that SCA will use the sale proceeds to bid for it. The Affärsvärlden General index rose 6.1 to 989.3, a new 1992 high, in volume of SKr405m after SKr533m.

LISBON built on last week's 6.7 per cent gain, the BTA index closing up 31.2 at 2,072.3. Investors have been encouraged by pleasing provisional 1991 results.

BRUSSELS was broadly lower but the holding company, SGB, bucked the trend. The Bel-20 Index fell 13.18 or 1.1 per cent to 1,201.84. SGB rose BFr15 to BFr2,205 while its non-ferrous metals and mining unit, ACEC-Union Minière, rose BFr25 to BFr2,450.

COPENHAGEN saw DDL, part-owner of SAS, rise another DKr190 to DKr3,020 on SAS's planned sale of its stake in the Inter-Continental hotels chain. The CSE index rose 0.91 to 344.92.

VIENNA tumbled to its lowest level in nearly four weeks, the ATX index dropping 22.62, or 2.1 per cent to 1,039.45. Last week's arrest of an Austrian banker in the US on money-laundering charges weighed on the market.

FT-SE Eurotrack 100 - Mar 9

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1159.16	1159.99	1161.75	1162.41	1163.01	1163.72	1164.63	1165.45

Day's High 1165.65 Day's Low 1159.16

Mar 6	Mar 5	Mar 4	Mar 3	Mar 2
1162.10	1169.56	1176.33	1176.44	1169.17

Base value 1000 (26/10/90).

SOUTH AFRICA

JOHANNESBURG drifted aimlessly ahead of South Africa's whites-only reform referendum next week. The all-gold index ended down 7 at 1,190, while the industrial *index rose 11 to 4,369. The all-*share index eased 3 to 3,539.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY MARCH 9 1992								FRIDAY MARCH 6 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	144.15	−0.1	124.04	120.24	124.64	126.66	−0.3	4.36	144.30	124.49	120.18	125.25	127.08	160.31	112.74	130.86
Austria (20)	172.45	−1.4	148.39	143.84	149.10	148.05	−1.8	1.94	174.82	150.82	145.60	151.74	151.72	222.37	153.86	213.04
Belgium (46)	138.34	−0.7	119.04	115.38	119.61	116.85	−1.0	5.05	139.29	120.17	116.00	120.90	118.00	151.20	118.04	150.57
Canada (115)	132.36	−0.8	113.89	110.39	114.43	114.29	−0.5	3.25	133.44	115.12	111.12	115.81	114.84	144.26	128.49	140.86
Denmark (36)	240.22	+1.2	206.70	200.36	207.69	210.48	+0.4	1.70	237.34	204.76	197.67	206.01	209.58	273.94	217.74	263.09
Finland (15)	79.57	+0.1	68.46	66.37	68.79	75.96	−0.1	2.23	79.47	68.56	66.19	68.98	76.01	125.15	73.32	122.94
France (108)	154.13	+0.8	132.63	128.55	133.25	136.60	+0.5	3.25	152.86	131.87	127.29	132.66	135.95	156.43	119.11	146.81
Germany (65)	119.00	+0.2	102.40	99.27	102.89	102.89	−0.2	2.24	118.77	102.46	98.93	103.09	103.09	125.35	94.15	118.75
Hong Kong (55)	201.30	−1.1	173.22	167.90	174.05	200.35	−1.1	3.85	203.54	175.60	169.51	176.66	202.60	205.86	119.62	148.83
Ireland (16)	160.00	+0.5	137.67	133.45	138.33	140.55	+0.0	3.63	159.27	137.41	132.65	138.24	140.48	182.46	132.86	178.02
Italy (77)	71.20	−0.3	61.27	59.39	61.56	66.30	−0.6	3.49	71.39	61.59	59.45	61.96	66.70	88.23	84.76	84.26
Japan (473)	111.92	−1.4	96.30	93.35	96.77	93.35	−1.2	0.91	113.48	97.90	94.51	98.51	94.51	146.97	111.92	139.57
Malaysia (68)	238.20	−0.8	204.96	198.67	205.94	234.87	−1.1	2.81	240.17	207.20	200.01	208.46	237.35	250.18	189.18	247.78
Mexico (18)	1685.50	−3.2	1450.32	1405.84	1457.27	5640.00	−3.2	0.98	1740.42	1501.50	1449.45	1510.63	5823.78	1789.77	534.45	575.07
Netherland (31)	150.24	+0.6	129.27	125.31	129.90	128.29	+0.2	4.30	149.35	128.85	124.38	129.64	128.02	156.48	125.70	142.66
New Zealand (14)	44.82	−1.4	38.56	37.38	38.75	43.45	−1.4	6.32	45.47	39.23	37.87	39.47	44.06	54.64	41.18	47.35
Norway (24)	166.99	+0.1	143.69	139.28	144.38	147.61	−0.7	1.71	166.77	143.88	138.89	144.75	148.60	223.24	157.08	216.92
Singapore (38)	201.60	−1.9	173.47	168.15	174.30	154.50	−1.5	2.19	205.44	177.24	171.10	178.31	156.92	226.43	151.63	204.29
South Africa (61)	214.26	−0.4	184.36	178.70	185.24	177.08	−0.2	2.84	215.15	185.61	179.17	186.74	177.47	271.99	173.00	208.06
Spain (52)	154.94	+0.8	133.32	129.23	133.95	123.13	+0.3	4.84	153.68	132.59	127.99	133.39	122.71	171.12	131.51	170.73
Sweden (25)	182.51	+0.8	157.05	152.23	157.80	162.99	+0.1	2.78	181.14	156.27	150.86	157.22	162.77	204.12	148.60	200.09
Switzerland (59)	97.86	+0.4	84.21	81.63	84.62	91.46	−0.3	2.18	97.48	84.10	81.19	84.62	91.71	104.22	82.17	97.04
United Kingdom (233)	175.55	+0.9	151.05	146.40	151.76	151.05	+0.7	4.93	173.91	150.04	144.82	150.94	150.04	187.44	156.27	183.78
USA (523)	165.52	+0.2	142.42	138.06	143.11	165.52	+0.2	2.97	165.16	142.49	137.55	143.36	165.16	171.66	125.95	151.02
Europe (809)	143.79	+0.6	123.72	119.93	124.32	124.72	+0.3	3.89	142.90	123.28	119.01	124.04	124.40	151.52	125.60	148.54
Nordic (100)	174.28	+0.9	149.96	145.36	150.68	148.77	+0.2	2.16	172.77	149.05	143.88	149.96	148.51	200.81	165.55	196.76
Pacific Basin (717)	115.88	−1.3	99.71	96.65	100.19	97.35	−1.2	1.28	117.40	101.29	97.78	101.91	98.52	145.92	115.88	139.26
Euro−Pacific (1526)	127.29	−0.4	109.53	106.16	110.05	108.89	−0.5	2.45	127.86	110.31	106.48	110.97	109.48	147.66	121.29	143.41
North America (638)	163.41	+0.2	140.61	136.31	141.31	162.03	+0.2	2.96	163.14	140.74	135.88	141.62	161.74	169.69	125.91	150.31
Europe Ex. UK (576)	124.29	+0.4	106.95	103.69	107.48	109.31	+0.0	3.15	123.80	106.81	103.12	107.48	109.34	129.80	103.58	127.09
Pacific Ex. Japan (244)	154.97	−0.8	133.35	129.28	134.00	138.30	−0.9	3.88	156.16	134.72	130.07	135.55	139.50	158.16	111.40	134.78
World Ex. US (1720)	129.42	−0.5	111.36	107.95	111.90	111.13	−0.6	2.47	130.05	112.20	108.32	112.89	111.75	148.16	122.32	144.27
World Ex. UK (2010)	137.30	−0.3	118.14	114.52	118.72	125.55	−0.4	2.40	137.77	118.86	114.74	119.59	128.01	150.58	120.06	141.70
World Ex. So. Af. (2182)	140.17	−0.2	120.61	116.92	121.20	127.50	−0.3	2.67	140.48	121.18	116.99	121.92	127.82	153.05	122.92	145.06
World Ex. Japan (1770)	157.08	+0.2	135.16	131.03	135.83	147.77	+0.1	3.33	156.71	135.20	130.52	136.04	147.59	161.90	126.69	149.92
The World Index (2243)	140.62	−0.2	121.00	117.29	121.59	127.95	−0.3	2.67	140.92	121.57	117.36	122.32	128.27	153.70	123.28	145.44

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